

## Home Office to act over racist attacks

The Home Office is to begin an immediate study of racist organizations in Britain and the Home Secretary will discuss with police chiefs the feasibility of setting up units to monitor and investigate racist attacks. This was disclosed by a member of a delegation from the Joint Committee against Racial Discrimination which saw Mr Whitelaw yesterday.

## 'Thousand incidents in 18 months'

By Peter Evans  
Home Affairs Correspondent

Mr William Whitelaw, the Home Secretary, has agreed that the Home Office should begin immediately a study of racist organizations in the United Kingdom. He will discuss with police chiefs the feasibility of setting up units to monitor and investigate racist attacks.

That was disclosed last night by Mr Gavin Grant, one of a delegation from the three political parties, the churches, and the Jewish and Asian communities which told Mr Whitelaw of an increase in racist attacks on people, property, and places of worship.

The Home Secretary is studying disturbing evidence of mounting racial tension in many parts of Britain, as the economic squeeze increases bitterness and competition for scarce jobs.

The delegation he met was from the Joint Committee against Racial Discrimination, an umbrella organization for the bodies represented and for other interested groups. They told Mr Whitelaw: "Many Asian communities now live in a state of fear. Families are converting their homes into fortresses with barricades against windows and doors."

Attacks used bricks or tried to set fire to premises. Many houses, shops, and cars had suffered repeated damage, the delegates said.

A report from the joint committee, which is being studied by Mr Whitelaw, says: "We are greatly concerned by the apparent links that exist between British racist and fascist groups and their counterparts in Europe and elsewhere, some of whom have advocated and used terrorist tactics. We would urge the Home Office to investigate these connections."

Asking the police to respond more urgently and in a more caring manner to attacks and assaults, the committee suggests that the new specialized unit, which Mr Whitelaw is to discuss, should be formed on the lines of the drug, robbery or vice squads.

The report speaks of the consequences of a failure to protect and defend synagogues, temples, and places of burial against attacks which, it says, are becoming more widespread. There appears to have been a rapid growth of vigilante groups, with several of them organizing self-defence training classes.

For its survey the joint committee contacted 71 community relations councils and many other bodies including community law centres, ethnic minority organizations and community groups.

## TUC chief in clash with Prime Minister

By Patricia Tisdall and  
Donald Macintyre

Trade union leaders crossed swords over unemployment with the Prime Minister on two occasions at yesterday's meeting of the National Economic Development Council.

Mr Len Murray, general secretary of the TUC, drew a vehement denial from Mrs Margaret Thatcher when he accused her of using unemployment to "screw down wages". The Prime Minister retorted that this was "a travesty of the truth".

Later, Mr Murray took the unusual step of interrupting the Prime Minister's summary from the chair at the end of the 90-minute discussion on the economy. He claimed she was exaggerating the amount of agreement existing between the Government, union leaders and industrialists.

Mr Murray was disappointed with the lack of response by industrialists and the Government to TUC economic proposals. "Three million unemployed was not a change," he said. "Present policies would not help us to pull out of recession."

The general tone of the meeting, however, was one of coolness rather than had been in a resumé afterwards, Mr Geoffrey Chandler, the director general of the National Economic Development Office, described it as "serious and civilized".

TUC leaders left the meeting frustrated at the lack of impact they appeared to have made on either the Government or the Confederation of British Industry with their "Economic Review" which recommended a 552m injection of funds into the economy.

Sir Raymond Pennock, the CBI's president, commenting on the TUC plan, expressed "total disagreement with the analysis of the problems and therefore with the solutions suggested".

For the TUC, Mr Geoffrey Howe, Chancellor of the Exchequer, said that its concern about unemployment was as great as that of the TUC. Inflation and unemployment have both been getting worse over time and "there was no comfortable trade-off between the two".

He added that the Government wanted growth without inflation, and "we can only do this by improving our competitiveness". While there was no question of either side's TUC proposals, the Government's view was that "competitiveness and productivity were the key to success".

Observers at the meeting felt that it had achieved little more than a familiar and fundamental disagreement on economic policies. Some progress was made on industrial relations. The CBI volunteered to do its best to help in cases where management was failing to communicate.

The trouble arose last December out of a dispute between member states and the Parliament over the size of a supplementary budget for 1980 and the budget for 1981.

Particularly controversial was the Parliament's decision to use the 1980 supplementary budget, which had been intended only to finance emergency aid to Italian earthquake victims, to increase spending on regional and social policies.

All three of the accused Governments refused to pay in full their contributions to the 1980 supplementary budget, and France and West Germany earlier this week defaulted on part of their contributions to the 1981 budget.

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Basque violence: The visit of King Juan Carlos and Queen Sofia of Spain to the Basque region was marred yesterday by a violent interruption to the King's speech in the regional parliament at Guernica. About 40 members of the extreme left-wing Herri Batasuna party raised their left fists and sang a nationalist song. They were drowned out by cries of "Long live the King", but punches were

exchanged when plain-clothed security guards seized the protesting MPs (above) and dragged them from the chamber. When the royal couple first arrived at the chamber, members of Herri Batasuna (Basque Unity) and Euzkadi Eskuera (Basque Left) remained seated during the Spanish national anthem. The singing began after the King had gone to the podium

to reply to an address welcoming him. Euzkadi Eskuera members were among those who submerged the demonstrators' chants with acclamation for the King and loud applause. Security men in traditional Basque costume pleaded with the shouting MPs to halt their demonstration, and it was only when this failed that the security guards burst into the chamber. —Reuter. Report, page 5.

## 'Die Welt' staff in fight to keep editor

From Patricia Clough  
Bonn, Feb 4

A new page in West German press history is being written with a battle by the journalists of Die Welt against alleged plans by the Axel Springer publishing house to turn their daily back into a right-wing crusading paper.

Die Welt is the most highly esteemed newspaper in the publishing empire of Herr Springer, who openly uses his press power to spread his political opinions. It participates with The Times, Le Monde and La Stampa in the monthly supplement Europa.

Behind closed doors the 120 journalists have protested at what they reliably understand to be plans to remove their editor, Herr Peter Boenisch, who in the past two and a half years has made Die Welt a lively, liberal, and professionally more ethical paper.

They believe the company intends to steer it back on a far-right-wing course under the leadership of three well-known journalists: Herr Matthias Widen, a political commentator, Dr Herbert Kempf, a former editor, and Herr Wilfried Hertz Eichenrode, the newspaper's home editor.

A spokesman for the company in Berlin said today he knew nothing of such a plan. At a meeting at the Die Welt headquarters in Bonn this week the journalists appealed to the company to keep Herr Boenisch and demanded to be allowed to work in peace and continuity.

"We are fighting not only for our editor but for our professional ethics," a spokesman for the journalists said. "Our dignity is at stake."

The journalists have been unsettled by constant uncertainties and changes in the newspaper, which has seen 14 editors in 15 years. "We do not dispute the right of a publisher to appoint an editor but a publisher cannot ignore the will of the journalists," the spokesman said.

Die Welt, which was founded by the British occupation authorities after the war, was for many years one of the best, if not the best, West German newspaper. In 1953 Herr Springer bought a majority share in it and in the 1960s the newspaper lost its reputation and its best journalists when he turned it into what the Germans call a political Kampfpapier, a crusading newspaper for his ideas.

Under Herr Boenisch it became probably the liveliest West German national daily. Lightweight in tone, it opened its pages to other political ideas while maintaining a basically conservative line.

## Justifiable homicide verdicts on siege

Verdicts of justifiable homicide were returned on the five terrorists killed by men of the Special Air Service Regiment at the Iranian Embassy siege in London last year. It took the jury at Westminster Coroner's Court almost an hour to reach their verdicts. When they returned, Dr Paul Knapman, the

coroner, said: "I am a little surprised it has taken you so long". The terrorists died of multiple injuries and Dr Knapman told the jury that the SAS used weapons that fired 10 rounds a second. "Ask yourselves whether it is reasonable to shoot first and ask questions afterwards," he said. "The SAS took no chances."

## Britons killed in Zimbabwe

A British couple working at a missionary school near the Mozambique border in Zimbabwe have been murdered. Mr and Mrs Donald Lale, from Walsford, Hertfordshire, were missionaries with the Seventh Day Adventist Church. Mrs Lale was shot dead after two black men forced their way into their bedroom and Mr Lale was beaten to death.

## Fashion houses go bankrupt

Two more leading British fashion designers with international reputations, Ossie Clark and Tina Turner, are going out of business. Victims of the textile trade's worst recession since the war, many others have been badly affected and only two of the five big London fashion designers have survived at full strength into 1981.

## Water offer of 10pc rejected

After rejecting a pay offer of 10 per cent, union leaders in the water industry took the final step towards sanctioning a campaign of industrial action. Employers hinted that they might hold a secret ballot of workers.

## Hopes rise for Iran Britons

Hopes are rising that the four Britons detained in Iran might be released soon after a statement by Ayatollah Khomeini, the head of the Supreme Council in Iran, that a decision on their fate would be reached "in a few days".

## Thorsen ferries sail after pay deal

Southampton cross-Channel ferries resumed after a pay deal said by the seamen's union to be worth 14.3 per cent, but Townsend Thoresen insisted that it was a straight 12 per cent deal, well within guidelines.

## Talks fail with Polish strikers

Talks have broken down between the Polish authorities and strikers in Bielsko-Biala province. Mr Walesa, the Solidarity leader, told the workers to stage occupation strikes in case of an attack on Bielsko, but not to press any new demands and offer only passive resistance.

## Bomb attacks on dissidents

Two Romanian dissidents were injured when three parcel bombs went off at their homes in Paris and Cologne. A third dissident escaped injury but a bomb disposal expert was slightly hurt.

## 'Bungling' delays famine relief

The Save the Children Fund field director in Uganda accused the United Nations Development Programme of "bungling inefficiency" in co-ordinating transport of food to the famine region of Karamoja.

## England beaten by two runs

England lost the first one-day international in St Vincent by two runs, when the West Indies dismissed them for 125 in 49 overs. Croft took six wickets and for England Botham scored 60.

## Call-up denied: Mr James Prior discounted reports that the Government is considering conscription for unemployed young people

Peking: As the Year of the Snake is ushered in, uncertainty reigns over the struggle between China's top leaders.

Lima: Peru calls for demarcation of its border with Ecuador along the disputed 50-mile stretch.

Sao Paulo: An eight-page special report on the urban police of South America.

## British Aerospace shares on public offer

The Government is to inject £100m of new equity capital into British Aerospace under the terms of an offer for sale of shares in the aircraft manufacturer to the public.

So the outcome of the long-heralded public flotation of the group—the first big exercise in privatisation—apart from National Enterprise Board disposals by the Government—is that the Exchequer will benefit by only £50m.

A total of 100 million shares are being offered to the public at 150p each, thus raising £150m of which £100m will be used by the Government to subscribe for the new capital.

With loan facilities of around £500m, which have been negotiated with banks, this is to help to finance the group's heavy development programme, notably on the civil side of its business, where it is involved in the development of wings for the A310 advanced European Airbus and its own 146 feeder aircraft programme.

Underwriting was successfully completed in the City yesterday by Kleinwort, Benson, the issuer.

Half the equity will now be offered to the public. The Government will end up holding between 49.37 per cent and 50 per cent of the capital, depending on the extent to which employees take up shares being offered to them.

An important condition attached to the offer is that Continued on page 17, col 3

## Japan gets a shot of instant whisky

From Peter Hazelhurst  
Tokyo, Feb 4

After the success of instant coffee, barman of the future might soon toss a teaspoon of powder into a glass of ice and water to produce scotch on the rocks, a martini or an after-dinner brandy.

A Japanese chemist has been so successful in mass producing a powder which can be converted into any form of alcohol that the Government has been forced to revise the country's regulations which tax alcoholic drinks.

Mr Junichi Sato, a 55-year-old chemist and president of the Sato Food Manufacturing Company of Komaki City, first patented the method in 1973 but claims he was unable to market it on a commercial basis under former official restrictions.

After a protracted wrangle Mr Sato has persuaded the Government to revise the law to include his powdered drinks as a "miscellaneous form of alcohol".

Mr Sato will at first market sake, Japan's traditional form of rice wine, as a powdered drink; but he claims he can produce instant whisky, brandy, wine and other cocktails.

The powder, which will be sold in small bags, is simply mixed with water and ice to produce a good sake but it is very convenient and can be carried anywhere. It should prove a hit with mountaineers and hikers, a government chemist says.

In normal circumstances it is impossible to reduce alcohol to a powder form because the boiling point of alcohol is lower than that of water. As a result alcohol is lost before water evaporates.

Mr Sato claims he overcame this problem by adding dextrin to sake and then putting the liquid through a heat processing system at specified temperatures.

"Under this system water is evaporated, leaving alcohol as a powder like dry flour. When water is added again the drink regains its original properties. The flavour and taste is retained," Mr Sato claims.

A spokesman for his company says that Mr Sato is the first chemist in the world to patent a "system which can convert alcoholic drinks into instant powder on a commercial basis."



## European Commission takes legal action against three states over budget dues

From Michael Hornsby  
Brussels, Feb 4

The European Commission decided here tonight to start legal proceedings against West Germany, France and Belgium for not paying their EEC budget dues in full.

The first move will be to ask the three countries to explain why they have defaulted on their payments.

If the Commission is not satisfied with the explanations given, the three member states will be asked to pay the money that is owing. Failure to do so

would mean their being taken to the European Court of Justice.

This somewhat leisurely procedure—It was open to the Commission to take swifter action—suggests that Mr Gaston Thorn, President of the Commission, and his colleagues are hoping the matter can be settled out of court.

The trouble arose last December out of a dispute between member states and the Parliament over the size of a supplementary budget for 1980 and the budget for 1981.

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## 100 Labour moderates declare themselves

By Fred Emery  
Political Editor

Four more former Cabinet ministers, including Mr Edmund Dell, five former ministers and six former MPs, all from Labour, are among 100 supporters of the new Council for Social Democracy whose names are published today.

Publication of the list is intended to promote support for a new party to be launched possibly as early as mid March. Final decisions are still to be taken, but one breakaway Labour MP insisted privately that public pressure had now brought forward the launching date.

The list includes one trade union leader, Mr Frank Chapple, and people prominent in business such as Sir Leslie Murphy and Mr David Sainsbury; in science, Lord Flowers and Sir Frederick Dainton; in economics, Professor Frank

Hahn, Professor James Meade (a joint winner of a Nobel prize) and Lady Jackson of Ladbroke (Barbara Ward). Academic figures include Lord Bullock, Mrs Jean Floud, Lord Young, and Professor Michael Zander.

The list, described as a "cross section" of the 8,000 people who expressed support in the seven days following the announcement of the council on January 25 by Mrs Shirley Williams, Mr Roy Jenkins, Lord Williams, Lord Donaldson of Kingsbridge, and Dr David Owen, was published as an advertisement in The Guardian.

It cost some £5,000, paid for out of donations so far received, which include several contributions of £500, and one of £1,000. The Guardian was chosen "to have greatest effect on the Labour Party", according to one of the council's organizers.

The advertisement includes a coupon appeal for support and donations.

"Limehouse Declaration" given to the joint announcement of the council by Mrs Williams and her colleagues, and reprints it. That statement effectively launched the council as the basis for a new party.

The former Labour Cabinet ministers (who with the four sponsors bring the total to eight) are Mr Dell, Lord Diamond, Lord George-Brown and Mr Kenneth Robinson. The former junior ministers are Mr Austin Albin, Lord Donaldson of Kingsbridge, Mr Evan Luard, Mr Dick Tavener and Lord Kennet (Mr Wayland Young).

Mr Dell, aged 59, Secretary of State for Trade in Mr Callaghan's government, was recently appointed chairman of the panel of consultants planning the fourth television channel. Lord Diamond, aged 73, was Chief Secretary to the Treasury from 1964 to 1970. Lord George-Brown, aged 63, recently elected President of the separate Social Democratic Alliance, is a former

deputy leader of the Labour Party. Mr Robinson, aged 69, was Minister of Health from 1964 to 1969.

The list is most notable for possible Labour defectors. It includes people prominent in local government, and in constituency parties, such as Mr George Canning, former Lord Mayor of Birmingham, and Mr Clive Wilkinson, leader of the Birmingham City Council, and chairman of the campaign for Labour Victory. It includes Mr Paul Gouney, the Grimsby Labour agent.

Mr Thomas Ellis, the Labour MP for Wrexham, yesterday defied his constituency party's demand that he resign. He stated that he would continue as MP for the "time being"—a clear enough hint that he will join a new breakaway party whenever it is formed.

Campaign's end, and P.L.P. clash, page 2  
Ronald Butt column, page 14

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## Threat of water men's action increases after rejection of 10%

By David Felton  
Labour Reporter

Union leaders in the water industry yesterday embarked on the final step towards sanctioning a campaign of industrial action after rejecting the employers' new 10 per cent offer.

With both sides in the industry clearly alarmed at the serious consequences of strikes by the 32,000 water and sewerage workers in England and Wales, the unions are to ask their members to reaffirm their determination to take industrial action.

The employers' previous 7.9 per cent offer was overwhelmingly rejected by the manual workers who made clear their desire to take action. A large body of the workers demanded an all-out national strike. The four unions in the industry are to hold meetings at branch and regional levels over the next three weeks to gauge the feelings on the new offer.

Union negotiators were confident that 10 per cent would be rejected as it did not meet their revised target of an increase similar to the 13 per cent 10-month agreement won by the miners. The employers, on the other hand, thought that industrial action was now less likely.

The employers hinted strongly that if they felt the consultation exercise had been by the unions was unlikely to be representative of the feelings of all workers in the industry, they would hold a secret postal ballot over the heads of the unions. They have already set in train arrangements for writing to each worker urging acceptance of the offer, which would increase average weekly earnings from £108.49 to £119.41.

Mr Edmund Newall, chief union negotiator and national officer of the General and Municipal Workers' Union, said

the consultation "will not be a sham exercise. It was totally satisfactory last time and I have no doubt that it will be satisfactory this time. I would question the value of the employers holding a ballot. They may not get the answer they are looking for."

Mr Newall met negotiators from the National Union of Public Employees, the Transport and General Workers' Union and the National Union of Agricultural and Allied Workers, before reporting to the union side of the industry's negotiating body, which unanimously rejected the offer.

The unions' immediate inclination after deciding that the offer was not acceptable was apparently to give notice of strike action, but it was thought necessary to be seen to be absolutely scrupulous in consulting their members.

Sir Robert Marshall, chairman of the National Water Council, said the offer was appropriate in view of the fact that water charges are expected to rise this year by between 15 and 30 per cent. The cost of the 10 per cent offer represents a 0.8 per cent increase on the rates.

He said the council's previous offer had been increased because of the "very great certainty of industrial action if we did not make any improvements in the offer."

Asked whether industrial action might produce an improvement on the 10 per cent offer, Sir Robert said: "If the unions engage in industrial action I think it would be serious and deplorable and if that action is fully supported there would be a grave situation in the country. You know what happens when there is a grave situation in the country; negotiations are often forced on people."

Leading article, page 15

## PLP clash over chairman's ruling

By George Clark  
Political Correspondent

Another constitutional dispute broke out among Labour MPs last night over a ruling given by Mr Frederick Willey, MP for Sunderland, North, chairman of the Parliamentary Labour Party, after it rejected a move to alter the standing orders.

The move would have meant that the Cabinet of a future Labour Government would be elected by the PLP, not appointed on the personal choice of the Labour Prime Minister.

The debate arose on a motion proposed by Mr Mike Thomas (Newcastle upon Tyne, East), Mr Philip Whitehead (Derby, North) and Mr Giles Radice (Chester-le-Street), who are in the centre-right of the party, suggesting that the PLP should accept the principle of election of Cabinet members, and should instruct a working party to bring forward proposals.

That, in effect, forestalled a later motion on the agenda in the name of Mr Wedgwood Benn, (Bristol, South East) and Mr Eric Heffer (Liverpool, North), stating categorically that "the Cabinet shall be elected each session by the PLP on the same basis as the Parliamentary Committee [the Shadow Cabinet] is now elected in Opposition."

After debate, the first motion was defeated by 63 votes to 30 and Mr Willey ruled that the rest of the amendments on the agenda on that topic must fall. Left wingers protested that that did not allow proper debate, and that Mr Benn's motion should be taken.

Mr Willey rejected their appeals and closed the meeting. Afterwards, the dispute continued in the corridors. MPs said later that there had been a bitter argument between Mr Benn and Mr John Smith, Labour's spokesman on trade

Optimism by Labour members facing legal battle over 'dirty jobs' pay rise decision

## Eighty protesters delay start of crucial Camden meeting

By Christopher Warman  
and Nicholas Timmins

Labour members of Camden Council, London, held a crucial meeting last night to decide their response to the threat that they may face a personal surcharge of thousands of pounds for approving a pay settlement for manual workers in the "dirty jobs" dispute in 1979.

The 33 councillors, 28 of whom were involved with the decision, considered a package of measures drawn up by the leadership, under Mr Roy Shaw, with advice from the council's officers, designed to keep them within the law.

They believe they have a good chance of winning the legal battle over whether they acted unreasonably in law, as the district auditor says, but

those members who could not afford it, and would risk bankruptcy.

Of the 28 involved, four are lawyers, who would immediately be unable to practice if declared bankrupt. Mr Ivor Walker, a solicitor, who voted against the settlement at the group meeting, but is nevertheless involved, believed they would win, largely because they had acted reasonably in all the circumstances, and because it had not occurred to the officers that their action might be unlawful.

If the worst happened, and he was made bankrupt, he would have to stop practising. The councillors have a wide range of jobs, from lecturer to postman and bus driver to full-time union official, and one or

two full-time local government representatives.

Most would have to go bankrupt, and such a move would affect the few single owners-occupiers who are members. Mr Walker said he would be a joint tenant with his wife, but the single members might find their furniture and television seized.

Mr Nicholas Bosanquet, a lecturer in economics at the City University, said that if there was a surcharge he would have to go bankrupt. "But I would be better off than some, because I have tenured my house," he said. "Like all the other members, I am seriously considering what must be done. We must be seen to act reasonably on the matters under consideration."

The meeting last night was delayed at its start when about 80 people walked into the council chamber at Camden Town Hall and refused to leave until their protests were heard.

Mr David Eggen, branch secretary of the National and Local Government Officers' Association, speaking for all the unions, told the Labour group it should fight the cuts the Government was imposing through the district auditor.

He said that if the cuts, including 600 jobs in the building department, were made there would be a call for industrial action.

Outside the meeting Mr Eggen said the district auditor's report was a threat to all councils. "The last vestiges of independent local governments are at stake."

## Warning to closed shop council

Members of the Labour-controlled Sandwell Council, West Midlands, which operates a closed shop agreement, may themselves have to pay compensation if they go ahead with the dismissal of Miss Joanna Harris, who is not a trade unionist.

That warning was given last night by Mr James Prior, Secretary of State for Employment. The compensation could be as much as £17,000, and in a letter to Mr Morris McWhirter, deputy chairman of the Freedom Association, which is supporting Miss Harris, a £70-a-week poultry inspector, Mr Prior says: "I would encourage her to take her case to an industrial tribunal."

"Of course the councillors responsible for taking the decisions in this case are not subject to the usual constraints on employers: it is the Sandwell councillors, and not the council, who will have to meet the cost of compensation paid to anyone who is unfairly dismissed."

"But if a council is acting unlawfully and incurs expenditure as a consequence, the District Auditor may well decide to investigate and the result could be that a court orders those responsible to repay the expenditure from their own resources."

A number of reports had seriously misrepresented the legal position. "It is quite clear that what Sandwell are proposing is unlawful under the terms of our recent Employment Act."

## Reports of call-up are denied

By Our Political Staff

The Government yesterday firmly denied reports that it was considering some kind of conscription for young unemployed people.

Mr Alexander Lyon, Labour MP for York, a former Minister of State at the Home Office, asked Mr James Prior, Secretary of State for Employment, what consideration was being given to a proposal that young people on the Youth Opportunities Programme (YOP) should receive some military training in uniform.

In a written answer, Mr Prior said that no proposal on those lines had been submitted to the Manpower Services Commission, which administered the Youth Opportunities Programme.

"However," he added, "the Ministry of Defence, which has been a sponsor under the YOP since 1978, is considering what further help it might offer unemployed young people, and we are in discussion with them about this."

Later it was made plain in Whitehall that there was no question of conscripting young people into military service. The Government and defence chiefs had been discussing the strength of the armed forces could be adequately maintained under the present system of voluntary recruitment.

Many young people are already employed, under the YOP, in clerical and other civilian-type jobs in the Royal Ordnance factories and research and development establishments.

## Split over tactics signals the end of Campaign for Labour Victory

By Ian Bradley

The organizers of the right-wing Campaign for Labour Victory divided last night over whether they should support the new Council for Social Democracy or continue to fight within the Labour Party.

At a meeting of the 22-member steering committee it was decided that the 5,000 supporters of the campaign in the country should be given the opportunity to say which option they prefer.

The split over tactics at last night's meeting, which was at-

tended by four MPs, effectively means the end of the campaign which has fought within the Labour Party against constitutional and policy changes proposed by the left.

Mr Alec McGivian, organizing secretary for the last three and a half years, said: "It was a meeting where we realized we had come to the parting of the ways."

"It is possible that those people who want to continue within the Labour Party will keep the campaign going in some form, but my view is that

the majority of our supporters will want to back the new council."

Mr McGivian has himself resigned from the campaign and will be working full-time for the council from today.

For the past six months the campaign has operated from rented rooms in Highbury, north London.

Liverpool partnership: A local Liberal party yesterday tried to form a partnership with rebel Labour MPs (the Press Association reports). Leaders of the Edge Hill constituency party,

Liverpool, want to change its name to the Edge Hill Liberal and Social Democratic Association.

The association's 2,000 members will vote today on the move. If they approve it, Liberals will put up candidates for the Merseyside County Council elections in May under a Liberal Democratic banner.

Mr David Alton, Liberal MP for the constituency, has pledged his support for the plan and spoken of a possible electoral alliance with Mr Richard Crawshaw, the Labour member

for the neighbouring constituency of Toxteth.

Healey battle pledge: Mr Denis Healey, former Chancellor of the Exchequer, told the European Management Forum symposium in Davos yesterday he would "fight, fight and fight again" for Labour Party policies supported by the electorate (our Geneva Correspondent writes).

He believed there was over-weighing backing for the traditional party and hoped that the breakaway social democratic party would not be set up.

Photograph by Bill Warman

Listening to speakers at a rally called by council workers of the London borough of Lambeth yesterday are Mr Wedgwood Benn, Mr Ted Knight, the Labour council leader, and Miss Joan Maynard, MP for Sheffield, Brightside. Nearly all the council's 5,000 manual workers and half the 5,000 white collar workers are taking part in a week of action to protest against local government spending cuts. The rally yesterday followed a march through the borough.



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## Liberals angry at Mr Powell's committee place

By Our Political Staff

Liberal MPs protested at the Commons last night about the decision of the Committee of Selection to include Mr Enoch Powell, Official Unionist MP for Down, South, in the standing committee which will examine the details of the Nationality Bill.

They had argued for the inclusion of Mr David Alton, Liberal MP for Liverpool, Edge Hill, their spokesman on home affairs and race relations.

The Committee of Selection is advised by the whips of the two main parties about the choice of MPs for standing committees. The minor parties are not represented on the committee.

Mr Alan Beith, MP for Berwick-upon-Tweed and Liberal Chief Whip, said last night: "The Labour whips have used their monopoly to place Mr Powell on the committee instead of accepting our nominee, Mr Alton."

## New Forest oil search opposed

The Council for the Protection of Rural England yesterday urged the Government to refuse permission for Shell UK Ltd to drill for oil near Lyndhurst, in the New Forest.

Mr Robin Grove-White, the council's director, said the forest was an area of exceptional natural beauty, and it was hard to conceive circumstances in which exploitation of an oil find could be acceptable.

## Thief in video case is jailed

Stephen Owens, aged 23, the fourth man charged with the video-recorded theft of rings valued at £31,000 at a jeweller's shop at Bridlington, Humberside, was given a three-year prison sentence at Beverley Crown Court yesterday. He comes from Cromer Way, Halewood, Liverpool.

## Border TV blackout

Border Television went off the air last night as the Association of Cinematograph and Television and Allied Technicians said a staff shortage in the engineering section caused the blackout.

## Car goes over cliff

A driver whose car went over a 250 ft cliff at Portland, Dorset, was said to be in a reasonable condition in hospital last night. He has facial and spinal injuries.

## 3,000 seek 300 jobs

Three thousand people have applied for 300 jobs at a new superstore in Leamington Spa, Warwickshire.

## ILEA to stay, Mr Carlisle says

By Diana Geddes  
Education Correspondent

The Inner London Education Authority is to be retained, but the Government will seek to introduce extra financial controls if the authority "systematically abuses the rating system by unchecked extravagance", Mr Mark Carlisle, Secretary of State for Education and Science, told the Commons yesterday.

The Government was considering what further measures it would take to meet that situation, he added. It is understood that those measures would apply to any other authority the Government considered to be profligate.

The Government's public expenditure plans required local authorities of inner London a good service in all phases of education in England to go down by about 7 per cent in

real terms between 1978-79 and 1981-82, Mr Carlisle said.

However, the ILEA was apparently planning to spend next year almost as much in real terms as it did in 1978-79, even though the number of its pupils would fall by about 13 per cent over the same period, the minister added.

The authority already spent much more money per pupil than any other English authority without achieving a satisfactory performance in many of its schools.

"The long-term retention of the single education authority for inner London is justified only if the authority shows that it can give the children and students of inner London a good service in all phases of education at an acceptable cost. It is up to the ILEA to put

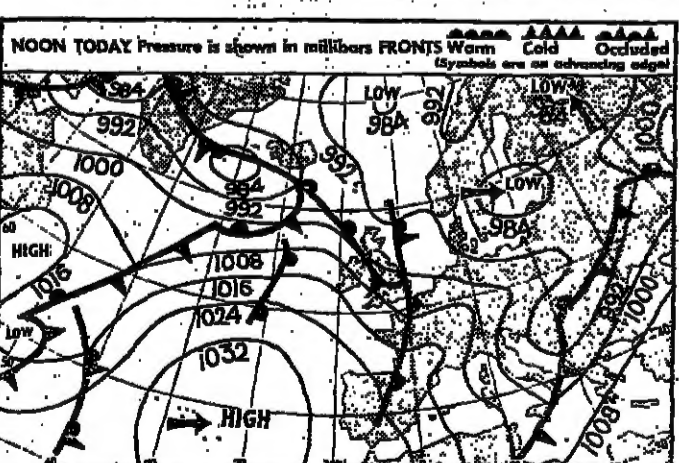
its house in order", he said.

The weight of educational opinion, including the voluntary bodies and the churches, was that the difficulties of inner London called for a single authority of adequate size and with adequate resources to administer its education service, and that responsibility for schools should not be separated from the rest of education.

Civil service intake: More than half of last year's general recruits as administration trainees in the Civil Service came from independent or direct-grant schools and only one in ten had a degree in science or technology, Mr

Barney Hayhoe, Minister for the Civil Service, said in a written parliamentary reply yesterday.

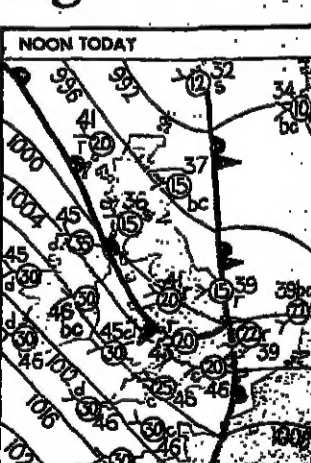
## Weather forecast and recordings



NOON TODAY Pressure is shown in millibars. FRONTS: Warm (solid line), Cold (dashed line), Occluded (dotted line), Stationary (long-dashed line). Wind speed in mph.

Today Sun rises: 7.33 am Sun sets: 4.57 pm Moon rises: 7.58 am Moon sets: 3.45 pm First quarter: February 11. Lighting up: 5.27 pm to 7.01 am. High water: London Bridge, 1.53 am, 7.16 pm, 2.23 pm, 7.22 pm, 12.22 am, 1.08 am, 6.53 am, 11.34 pm, 6.71 am, 6.36 am, 7.21 am, 6.48 pm, 7.51 pm, 11.34 am, 9.41 pm, 11.57 pm, 9.21 am, 11.04 pm, 1.31 am, 3.28 pm, 11.04 pm, 1.31 am, 3.28 pm. Frontal troughs will move E across most parts of the United Kingdom. Forecasts for 6 am to midnight: London, SE, central S and E England, East Angles, Midlands. (E): Dry and in places bright at first, cloud thickening with some rain and perhaps sleet for a time; wind W, moderate or fresh; max temp 6° or 7° C (43° to 45° F). Midlands (W), Channel Islands, SW England, S Wales: Mostly cloudy, a little rain or drizzle at times, but dry, some sheltered areas mostly dry; wind W or NW, moderate or fresh; max temp 7° to 9° C (45° to 48° F). Central N and NE England, Borders, Edinburgh and Dundee: Mostly cloudy, snow turning to rain with some moderate falls on higher ground. A drier, brighter period likely in afternoon but further rain later; wind W, veering NW, moderate; max temp 6° C (43° F). Aberdeen, central Highlands, Moray Firth, NE Scotland: Mostly cloudy, sleet or snow at times turning to rain at lower levels later, some brighter spells; wind W or NW, moderate; max temp 5° C (41° F) after frost.

Sea passages: S North Sea, Strait of Dover, English Channel (E), St George's Channel, Irish Sea: Wind W or NW, mainly strong, occasionally gale; sea mainly rough. Outlook for tomorrow, and



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Overseas selling prices: Australia \$2, Austria Sch 30, Bahrain D 1.00, Belgium D 36, Canada Cdn 1.00, Denmark D 4.66, France F 6.55, Germany D 3.36, Greece D 3.40, Hong Kong HK 7.80, India Rs 13.25, Italy L 1,000, Japan Y 100, Kuwait D 2.00, Lebanon L 1,000, Libya D 2.00, Luxembourg L 1,000, Malta M 1,000, Mauritania M 1,000, Mexico M 1,000, Monaco M 1,000, Morocco M 1,000, New Zealand N 1.00, Norway N 1.00, Pakistan P 1.00, Portugal P 1.00, Saudi Arabia S 1.00, Singapore S 1.00, Spain S 1.00, Sweden S 1.00, Switzerland S 1.00, Taiwan T 1.00, Thailand T 1.00, Turkey T 1.00, U.K. £ 1.00, U.S. \$ 1.00, Yugoslavia Y 1.00.

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## HOME NEWS

## Verdicts of justifiable homicide on terrorists

By Stewart Tendler  
Crime Reporter

Verdicts of justifiable homicide were returned by a jury at Westminster Magistrates' Court yesterday on the five terrorists killed by men of the Special Air Service Regiment at the Iranian Embassy siege last year. The jury took almost an hour to reach its verdicts after Dr Paul Knapman, the coroner, told them they had the choice of justifiable homicide, unlawful killing, an open verdict or death by misadventure.

When they returned to court it was thought that the delay might mean they had failed to reach a unanimous decision or required further direction. The coroner said: "I am a little surprised it has taken you so long."

He began to go through the choice of verdicts again and said: "The killing was unlawful killing, but I think you must consider the implications to this country if the verdicts are recorded, if soldiers are sent in to do a specific job."

In the case of open verdicts, he said they left things up in the air and opened a little bit of speculation. He broached the question of majority verdicts but the foreman of the jury said that a unanimous verdict had been reached in every case and announced that it was justifiable homicide.

The verdicts are likely to be the last of their kind returned in Britain. A month after the siege last May new coroners' rules came into force which did not apply because the inquest opened originally on May 10 and was adjourned until Fowzi Nejad, a sixth terrorist, had been tried. Last month he was sentenced at the Central Criminal Court to life imprisonment.

Dr Knapman, in his summing-up, told the nine jurors that the evidence of the SAS men read in court was taken the day after the siege ended. "You may feel the recollection of some of the hostages has been embellished or misinterpreted with the passage of time," he said.

The statements they gave the police were short, and of the four who gave evidence in the trial of Mr Nejad as things turned out only one actually saw one terrorist shot. That, Dr Knapman said, would not be the impression which may have been deduced from press reports.

One of the witnesses Mr Abbas Fallahi, a hostage, had said that a soldier had shot at close range a terrorist called Shia. Dr Knapman said: "I found his evidence was confused and I think there was a certain amount of language difficulty."

Two expert witnesses had said that Shia was shot from between 18 inches and 24 inches and not in the position suggested by Mr Fallahi. Dr Knapman said: "One must ask, is it particularly important how far away the muzzle was? The question is, did the soldier reasonably think this terrorist was a threat to him?"

In overall terms, Dr Knapman added, the jury had been told the SAS went into action against men who had killed once, had made threats, and might have booby-trapped the building or planned to meet an attack by blowing up the building.

"You will," he told the jury, "have to consider whether the SAS acted reasonably in all the circumstances."

The terrorists in most cases died of multiple injuries but the SAS used weapons which fired 10 rounds a second. Dr Knapman said: "They would not know if they had concealed weapons or grenades. Imagine peering through the smoke and seeing the enemy, and ask yourselves whether it is reasonable to shoot first and ask questions afterwards. The SAS took no chances."

Looking at the possible verdicts, Dr Knapman said justifiable homicide meant using such force as is reasonable in the circumstances in the prevention of a crime. The jury had to consider whether force had been necessary and why the force in proportion to the evil to be avoided.

A senior policeman had described to the jury how one hostage had been killed and these desperate men had threatened to kill a hostage and blow up the embassy if anyone attacked. Dr Knapman said: "You may feel that answers these two questions."

In the case of unlawful killing, such a verdict means the defendant acted unreasonably. The coroner said he mentioned the verdict for the sake of completeness but if there had been any evidence of murder or manslaughter by the SAS the inquest would have been held and papers sent to the Director of Public Prosecutions.

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A verdict of misadventure represented a situation where it did not seem the soldiers had intended to kill the terrorists who were caught in cross-fire. From the evidence it seemed the soldiers were aiming at them.

An open verdict indicated the jury felt there was insufficient evidence to record any other verdict.

The verdicts were recorded on the deaths of Salim, or Awn Ali Mohammed, Faisal, or Shaker Abdullah Fadhil, Shia, or Shaker Sultan Said, Abbas, or Samir, Thami, Mohammed Hussein, and Makki, or Makki Hanoun Ali. During the inquest the police said those were the names of the dead most on their visa applications from Iraq and are thought to have been false.

After the inquest Deputy Assistant Commissioner John Dellow, who was in charge of the police at the siege, said similar situations would be dealt with on their merits. The use of the SAS had not represented a change in police strategy.

More boats stay in port in protest over fishing crisis

Ministers order price inquiry as owners attack imports

By Hugh Clayton

Ministers yesterday ordered an investigation of fish prices and marketing as protests by boat owners against a fuel subsidy spread from Scotland to England.

The investigation will be conducted by agricultural marketing advisers who will report to Mr Peter Walker, Minister of Agriculture, Fisheries and Food. He wants to know why low prices at ports are not reflected in chip shops and on fishermen's elms.

Industry leaders told him yesterday that they believed that the prices of Dutch fish were being held down by misuse of an EEC subsidy system. Prices of some whole white fish fell to 10p a pound or less in some ports yesterday while shop prices for fillets and cuts were more than 21p a pound.

Mr Walker said: "It would be nice if the reduction was reflected in the price in the shops. In the past there has been a remarkable consistency in the price of the fish which does not reflect the price on landing."

The last official investigation of fish prices, published in 1976, showed that "the price per pound that the customer pays is on average four times the price per pound that the fisherman receives. The total cost of distribution at all stages represents nearly one half of the price the housewife pays for fish compared with about a quarter in the case of meat."

Processing "at risk": As more fishermen in north-east Scotland refused to work yesterday in protest against the crisis in the industry, the manager of a fish factory in Fraserburgh complained that the men had picked the wrong target and were threatening the local processing industry (Ronald Faux writes from Peterhead).

Mr Thomas Bruce, manager of the Macfarlane plant, said that the stoppage went on Monday. "This is completely unknown to us. I think our distribution system is quite efficient, and that is the basis of our relatively strong export system in fish."

He denied allegations by British skippers that his Government paid a fuel subsidy worth about 15p a gallon to Dutch boat owners.

Mr Nigel Atkins, chief executive of the National Federation of Fishermen's Organizations, said after the meeting: "I came out very disappointed indeed. There is a rising groundswell of intense bitterness in the ports at the moment."

His organization's action committee would meet tomorrow to consider the need for intensifying the present protest, in which fishermen are refusing to put to sea.

He admitted that allegations about the misuse of the EEC system in Holland were "purely anecdotal, nothing else."

The EEC support system for fish operates throughout the Community and is the same as that for fruit and vegetables. The prices at which fish are bought by EEC agencies depend on quality and variety. In Britain they are about 5p a pound for mackerel and 10p to 15p a pound for cod and plaice.

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Top fashion designers to go out of business

By Frances Gibb

Two more leading British fashion designers with international reputations, Ossie Clark and John Bates, are going out of business.

They have fallen victim to the textile trade's worst recession since the war just a few months after John Bates, one of the best-known names in British fashion, opted for voluntary liquidation.

Of the five big London fashion designers only two, Jean Muir and Zandra Rhodes, have survived at full strength into 1981. Apart from John Bates, Bill Gibb and Yuki have both had business difficulties.

Yesterday Mr Noel van den Berg of MAK Industries, which became Ossie Clark's backers in April last year, said cash difficulties had made it impossible to continue. "It is a tragedy because orders were coming in well and the profit margins were good," he said.

About 85 per cent of Ossie Clark's sales were on the Continent, particularly to German women. Debts of his company are expected to total £200,000 and his personal £50,000.

Mr van den Berg estimated the cost to MAK Industries at £100,000. "We are walking out of this liquidation with nothing. I do not want anyone to think there is a golden lining to our position."

Mr Porter, who opened her premises in Greek Street, Soho, 20 years ago when the area was best known for its continental restaurants and grocers' shops, leaves debts of about £100,000.

Mr Keith Goodman, a chartered accountant who has been nominated as liquidator, said yesterday: "The world's elegant women are not prepared to go to a place surrounded by sex shops and strip clubs and populated by pimps and prostitutes."

Creditors of the companies for which the designers worked will meet on February 19 at Leonard, Curtis and Co, chartered accountants, who have been instructed to take steps to put them into liquidation.

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Mr Murdoch seeks 9% editorial staff cuts

By Dan van der Vat

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Mr Murdoch is seeking agreement on demanding, disputes procedure and new technology with all seven main unions at Times Newspapers by February 12 as a precondition for taking over the company as going concern.

If the proposal goes through, The Times will lose 25 journalists, of about 280, and The Sunday Times 15, of about 175, by voluntary redundancy in the first instance. If the number of volunteers acceptable to the present editors falls short of the required total, News International, Mr Murdoch's company, will seek to achieve the targets by compulsory redundancy.

Although The Times NUJ chapel also represents the vast majority of the journalists on the three supplements, numbering about fifty, no proposals were made about reductions in the staff of the Sunday Times chapel, Mr Paul Rutledge, the paper's labour officer, said last night after a chapel committee meeting: "We are examining the proposals, and there is to be another meeting with the NUJ on Sunday. The full chapel will then meet on Tuesday."

The Sunday Times chapel met last night to consider its own response and to discuss its plans to challenge the Government's refusal to refer Mr Murdoch's takeover to the Monopolies Commission.

The chapel has received a report from its accountants which indicates that The Sunday Times is an economic and going concern, and thus challenges the basis of the Government's refusal to refer the sale to the Monopolies Commission.

So the chapel's legal advisers will decide tomorrow, on the basis of the accountants' report and an examination of the legal position, whether the chapel should proceed with its case in the courts. If the legal advisers decide in favour, chapel officials will issue the writ on Monday.

Mr Murdoch's takeover bid to the Monopolies Commission is the subject of a High Court case. Both chapels are expected to oppose any compulsory redundancies.

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Conflict over costs of Concorde

By Kenneth Owen

The British and French Governments are finding it difficult to agree the final balance of costs for the development, production and support of the Concorde supersonic airliner.

Civil servants on each side have produced conflicting estimates of the imbalance, and arguments over how much is owed, and by whom, are continuing.

These points emerged in evidence to the Commons Industry and Trade Committee yesterday. The committee went into private session to question Mr Norman Tebbit, Minister of State at the Department of Industry.

Studies by officials were commissioned in September, 1979, by British and French ministers, and the resulting joint report is being studied by the governments.

Mr Tebbit discussed the matter recently with the French Minister of Transport and, he told the committee yesterday, it was possible they would meet again soon.

A memorandum from the department notes that for 1980-83 Britain's expenditure on Concorde support is forecast to be "considerably higher" than the French expenditure and says "equitable arrangements will therefore need to be found."

Answering a question from the committee, Mr Tebbit described the final Concorde agreement as not as precise as it could have been.

The cost of continuing Concorde support from January 1, 1981, to March 31, 1982, was about £27m.

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## Police chief denies cafe raid in Bristol was case of overkill

From Lucy Hodges Bristol

Mr Vincent Arkell, the police superintendent who ordered his men to withdraw from the St Paul's riot in Bristol last year, denied yesterday that the drink and drugs raid which started the violence was a case of police overkill.

He said at Bristol Crown Court that it was a perfectly normal operation and he had no idea why the explosion erupted. He did not know why such hatred should be shown to the police and he was not expecting any trouble that day. He had been nonplussed, he said.

Mr Arkell, who has now been transferred from the St Paul's district, was called as a witness for the prosecution on the second day of the trial of 11 men and a woman accused of riotous assembly on April 2, 1980. They have all pleaded not guilty.

Mr Arkell said that the raid was planned nine days earlier, on March 24. On that day he had met leaders of St Paul's, including Mr Francis Salandy, a community worker, who had a good idea of what went on in the district, he said. "They told me that the relationship between the police and the West Indian community could not have been better," he added.

On the afternoon of April 2, he briefed 39 officers for the raid on the Black and White cafe in Grosvenor Road, St Paul's. Twenty-four men were to go into the cafe and 14 were to be held in reserve. That was a small reserve force, he said, in reply to questions.

He told his officers it was to be a low-profile operation. There was to be no harassment and it was to be conducted in a light-hearted manner, he said.

He did not think it necessary to consult the police liaison officer, he said. He accepted the new police policy that those officers should always be consulted before such a raid.

He did not agree that it was

inflammatory to remove in handcuffs Mr Betram Wilkes, the cafe's proprietor, who was arrested for possession of cannabis. He said he had not summoned him because there was no normal procedure in such cases. He agreed that the raid could be seen by the youths as an attempt to close the cafe.

He said that after witnessing the initial violent scenes outside the cafe he had returned to Trinity Road police station, where he talked to Chief Supt Michael Challis. Hewent back to Grosvenor Road with more men to secure the release of officers barricaded in the cafe.

At that time missiles were being thrown at the cafe so he formed up his 20 officers three abreast and marched them down the road. He added: "We were subjected to a terrific barrage of missiles, bottles and stones, and officers were forced to take cover behind crates and dustbins."

Mr Rudy Narayan, another defence counsel, asked the superintendent whether he was trying to start a war by sealing off the road, handcuffing a man and marching his men in military formation. Mr Arkell denied that.

As the day progressed, the violent incidents got worse, Mr Arkell said. He was kicked in the stomach. There was a crowd of between 200 and 300 people in Sussex Place. There was a lot of noise, three police vehicles were set on fire and one youth shouted: "Let's get this band back to the cafe!"

The accused are: Paul Binns, aged 18, of Ashley Road, Ilton Road, aged 25, of Hailston Drive; Carlisle, aged 21, of Sidney Road, aged 21, of Doreta Maye, aged 25, of Princess Street, Bedford; Franklin Kapler, aged 26, of Argy Road; Sidney Jarke, aged 19, of Foster Street; Clifton, aged 17, of Clifton Street; Nicholas Walker, aged 18, of Grosvenor Road; Raymond Jones, aged 25, of Victoria Square; David Royal, aged 17, of Argy Road; Andrew Minter, aged 17, of Argy Road; and live Edwards, aged 17, of Bartgill Close, all Bristol.

The trial continues today.



Gabrielle Wolfe, aged 19, from Seattle, United States, presenting a rose to the Prince of Wales on his arrival at the Institute of Indian Culture in west London yesterday.

## English faculty dispute to go before university's governing bodies

From John Witherow Cambridge

The dispute within Cambridge University English faculty, at present bitterly divided with allegations of McCarthyism purges and threats to academic freedom, will be discussed by the university's general board of the faculties next week.

Sir Peter Swinerton-Dyer, the vice-chancellor, speaking after several hours of discussion in the Senate House on the state of the faculty, said it would be up to the 13-member board and the council of the senate to decide whether there should be an independent inquiry into the department.

The two committees are responsible with the financial board, for governing the university. Critics of the faculty called during the two days of discussion for an investigation into the administration of the department and the refusal of the appointments committee to upgrade Dr Colin MacCabe, an assistant lecturer, to a full-time post.

Dr MacCabe's supporters, who asked for the senate discussion, said his appointment was blocked by those opposed to a structuralist approach to English literature and to a wide and progressive range of teaching methods.

Rejection developed into a fierce internal argument. One mathematician, Dr Peter R. E. Macpherson, the university registrar, could recall only a few details of the dispute. He said that the English academics could deliver far more lectures than at present and that their "duties appeared light".

One of the more strident attacks, however, came from Mr Richard Cleave, a postgraduate English student, who spoke about the faculty's "cavalier attitude towards the students".

The publicity surrounding the dispute, the worst in the university since Dr R. Leavis clashed with senior dons in 1930, means that an enquiry is increasingly likely, not merely to find out what is wrong but also to silence the more vociferous critics and allay any suspicion of attempts to sweep the matter under the carpet.

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## Don't know have it in poll on the EEC

By Robin Young Consumer Affairs Correspondent

Britons are disastrously ignorant about the EEC, according to a national survey summarized in this month's issue of *Which?*, published today by the Consumers' Association.

The poll revealed that only one twentieth of the population could name the member of the European Parliament.

Fewer than half knew that the Channel Islands was in the EEC. More than half of those questioned thought that Britain spent more on the EEC than it does on social security. In fact spending on social security is almost 17 times more than on the Community.

Mr Peter Goldman, director of the association, said yesterday that British knowledge of the EEC was "strong on myth, short on fact".

Almost six out of ten people in the survey agreed with the view that the EEC was an unnecessary and expensive bureaucracy.

Nearly half the sample thought expenditure on the EEC was the highest or second highest of nine areas they were asked to rank in order. It should have been seventh, but was put top of the table by more people than any other item.

Three quarters of the sample thought Britain's EEC contribution compared unfavourably with other countries, whereas education costs more than eight times as much.

The association's commentary on the findings says that although the public has created a "distorted and misapprehension" about the EEC.

Nearly nine out of ten people agreed with the true statement that the EEC had made food dearer, but a separate survey among *Which?* readers suggested that even that was overestimated.

Nearly half the readers thought the EEC was responsible for more than half the increase in food prices since entry. It is estimated to have caused only about one eighth of it.

Asked how they would vote in a referendum tomorrow, 58 per cent of those questioned in the national survey said they would vote to leave the EEC and 31 per cent said they would vote to stay in.

## Bombs in Khrushchev book sent to three Romanian defectors

From Jan Murray Paris, Feb 4

The works of the late Nikita Khrushchev, the former Soviet leader, were used to camouflage three parcel bombs which went off at the homes of two Romanian dissidents in Paris and one in Cologne yesterday. All three men had taken part in a press conference in Madrid in November on human rights in their country.

One of the dissidents, Mr Nicolae Penescu, a former Minister of the Interior, was wounded in the face, neck and hands and has had to be detained in hospital. The other two bombs caused slight burns to the face and hands of a bomb disposal officer called by the other dissident, Mr Paul Goma.

The third dissident, Mr Orasou, an engineer who has lived in Cologne since 1978, was injured when he opened his parcel of booby-trapped books.

Mr Goma, a writer who has been nicknamed "the Solzhenitsyn of Romania", was a 21-year-old student in 1956 when he first fell out with the Romanian authorities by proclaiming his support for the Hungarian uprising. He expressed views eventually led to persecution which forced him to seek exile in France in 1977.

He later described how he had been arrested in 1977 after signing with 180 other Romanians a famous open letter on human rights to the Belgrade conference. He said that before his release, the Deputy Minister of the Interior had warned him: "If you do not keep quiet, the long arm of the revolution will get you wherever you may be."

Undeterred, Mr Goma has spoken, written and toured extensively to spread his message that there are no human rights in his native land.

He said today that on two occasions—in New York and in Paris—strangers had warned him that he would be "banned" if he continued to write in the West. "In other words I would be given 'the Bulgarian umbrella thrust' which the secret services used against Bulgarian dissidents by sticking them with a poisoned umbrella."

(He was referring to the death in London in September, 1978, of Mr Georgi Markov, a Bulgarian defector, and of the wounding of Mr Vladimir Kostov, another Bulgarian defector, in the preceding August.)

The parcel containing the bomb had apparently been posted in Spain, he said. He had suspected nothing as he often received books in the mail but opening it found that the parcel had been tampered with and removed and replaced by something which appeared to be much more explosive, with wires and a battery.

He quickly shut the parcel, dumped it in the bathroom and called the police. It had gone off the moment the police expert touched it, but had not caused serious injury.

"It is certain that it was done by the Romanian secret police, the Securitate," he said. "Ever since I came to live in exile in Paris three years ago, I have received endless death threats in Romanian by letter or telephone."

"We Romanian dissidents never cease to denounce everything which happens in our country from the point of view of human rights. When held a press conference on the fringes of the Madrid conference, it was interrupted by a bomb scare. Personally I am frequently taken apart by the Romanian police which calls me a traitor and fascist."

According to Mr Penescu's wife, the parcel bomb which injured her husband was identical to the one delivered to Mr Goma, but she believed it had not been brought by the postman.

Mr Penescu left Romania 11 years ago after 17 years in prison. A lawyer and a member of the National Romanian Council in Exile, he has written various articles in the West on the Soviet block.

## Mr Spaak's key job at Brussels

From Michael Kornat Brussels, Feb 4

The former head of the EEC's permanent delegation in Washington, Mr Fernand Spaak, has been appointed to the key post of *Chief de Cabinet* of Mr Gaston Thorn, the new president of the European Commission.

One of Mr Spaak's main tasks over the coming months will be to join the small group negotiating the preparations for the non-communist world's economic summit meeting in Ottawa next July.

Each of the heads of state or government attending the summit appoints a personal representative to take part in these preparatory meetings, and Mr Spaak will perform this office for Mr Thorn.

The right of the commission's president to attend the Western summits was established by Mr Thorn's predecessor, Mr Roy Jenkins, after a tough diplomatic battle with the French, who considered his presence an intrusion.

The other participants at the summit are the Presidents of the United States and France, the Chancellor of West Germany, and the Prime Ministers of Britain, Italy, Canada and Japan.

Son of the late Paul-Henri Spaak, the former Socialist Prime Minister of Belgium and one of the founding fathers of the EEC, Mr Fernand Spaak was a respected figure in Washington and made a wide range of contacts which should stand him in good stead.

He replaces a Luxembourg Eurocrat, Mr Adrien Ries, who returned after a month in the job to the Grand Duchy and asked to be relieved of his responsibilities.

## Spain may give vote to foreigners

From Harry Debelius Madrid, Feb 4

British and other foreign residents of more than five years' standing will be allowed to vote in municipal elections in Spain provided Spaniards living in their respective countries are granted a reciprocal privilege, according to proposed legislation here, sources close to the Spanish Government said here today.

The draft law amplifies a constitutional provision which said that non-Spaniards under certain conditions could be granted a limited right to vote. The constitution did not explain those conditions.

The proposed law on foreigner also specifies that in addition to reciprocity: those who wish to vote must have been in Spain for at least five years.

If the law goes into effect, it would correct an anomaly in a number of coastal villages where there are more permanent foreign residents than Spaniards, but where the foreigners up to now have had no say in local government.

The proposal does not authorize non-Spaniards to hold public office, and does not allow foreigners to act as promoters of meetings of a political nature.

**Mafiosi arrested**  
Twenty alleged members of the Mafia were arrested here and in villages near by during raids by paramilitary police in the night, court officials said. They were charged with criminal association and various crimes related to Mafia activities.

## Airline to cut Middle East fares by 29%

British Airways is to cut excursion fares to many destinations in the Middle East and the Gulf states by nearly 30 per cent.

Fares to those areas which are primarily concerned with business, have traditionally been high by North Atlantic standards. It has been cheaper, for instance, to fly from London to Australia than to the Gulf states, which are only a third of the distance.

The airline said yesterday that excursion fares to Amman, Baghdad, Beirut, Damascus and Kuwait will fall by 29 per cent, cutting the return excursion fare to Damascus, for example, from £416 to £295.

Fares to Abu Dhabi, Bahrain, Doha, Dubai, Jeddah, Khartoum and Muscat will be cut by 27 per cent.

The cheap fares will operate from April 1 to June 30, and again from November. They will be available to businessmen with fixed business trips, and to people visiting relatives working in the Middle East.

British Caledonian is to cut advance purchase fares to some places in South America by more than £60 from February 18.

The reduced fares are available for travel before April 4, 1981.

The airline operates two flights a week to Venezuela and Peru, leaving Gatwick airport, London, on Thursdays and Saturdays and one flight a week between London and Ecuador on Thursdays. The same schedules will also apply when the airline introduces its summer programme on March 29.

British Caledonian will also introduce a new excursion fare of £450 between London and Dubai from April 1, a saving of more than £150 on the present fare.

The new fare, subject to final approval, is valid for stays up to 35 days.

## Antiques stolen from police

Thieves have by-passed an alarm system to a storeroom at the Humberside crime squad's offices in Hull and stolen goods which had been recovered.

They broke into a building about 50 yards from the main station and selected 14 items of antique silverware valued at £1,500. The police believe there was a special reason for their selecting the items from among other valuable goods.

## Thatcher pledge on the arts

By Kenneth Gosling Arts Reporter

The Prime Minister has told a Commons committee that returning the office of arts and libraries to the care of the Department of Education and Science does not represent any downgrading of the arts.

In a letter to Christopher Price, chairman of the education, science and arts committee, Mrs Margaret Thatcher said that Mr Paul Channon, who succeeded Mr Norman St John-Stevas as minister for the arts three weeks ago, would be able to consult her directly and have his own question time in the Commons.

She wrote: "I have made it clear from the first, that I am convinced of the need for the arts to have their own independent voice in government. I believe these arrangements will continue to ensure it."

The correspondence was released yesterday during a session of the committee, which is inquiring into public and private arts funding. When Mr Channon was questioned about his new responsibilities, he said the powers outlined in Mrs Thatcher's letter were wider than those of most of his predecessors.

Mr Channon, a Conservative MP for Staffordshire, south-west, asked Mr Channon if he was aware that of the total amount allocated by local authorities for recreational and leisure purposes, only 13 per cent was devoted to the arts.

Mr Channon said he was against local authorities being made to levy a special rate for the arts.

**Sinn Fein plea on new Maze crisis**

From Craig Seton Belfast

A new hunger strike by republican prisoners at the Maze prison in Northern Ireland is considered likely. Some reports yesterday suggested that the men had already decided when it will take place and who will take part.

Provisional Sinn Fein in Belfast yesterday appealed to politicians and church leaders to use their influence on the Government to avert a new crisis in the H-blocks of the prison and accused the Government of calling for unconditional surrender from the men.

It was reported yesterday that several prisoners, fewer than the seven who went on hunger strike for 53 days last year, might start refusing food at the end of this month.

A written question about the

H-block issue was expected to have been answered by Mr Humphrey Atkins, Secretary of State for Northern Ireland, in the Commons yesterday but last night the Northern Ireland Office said it was not known when his answer would be available.

Sinn Fein said it was not in favour of the hunger strike weapon, but any decision, to be announced by the Government, would be taken inside the H-blocks.

The H-block prisoners claim that the Government has reneged on assurances made in December about prison conditions and tensions have rapidly increased over the last two weeks.

Ninety-six men who were moved to clean cells, smashed their furniture last week and have since resumed smearing

cell walls with excrement, bringing the total on the so-called dirty protest back to more than four hundred. Arms cache found: Irish police have found a terrorist arms dump on an isolated farm in Co. Monaghan, near the border with Ulster (the Press Association reports). It is understood that shotguns and rifles stolen in recent terrorist raids on gun club members' homes near the Dublin trial: Peter Rodgers, aged 35, appeared at a special criminal court in Dublin yesterday accused of the capital murder of a policeman, a crime which can carry the death sentence if he is convicted. He pleaded not guilty to the murder of Detective Garda Seamus Quaid last October and to charges of possessing arms and explosives.

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## Arson by youth who was 'obsessed with terrorism'

From Our Correspondent Shrewsbury

A six-former obsessed by terrorism and known as "Tricky" made a fire attack on an hotel in Shrewsbury, where five Conservative MPs, were among 100 people attending a weekend political school, Shrewsbury magistrates were told yesterday.

He used material from his school's laboratory to make two crude incendiary devices, one of which exploded, causing damage to the conference hall door, Mr Nicholas Mitchell, for the prosecution, said.

Gary Roberts, aged 17, telephoned the hotel to say bombs had been planted and everyone inside had to leave.

Mr Robert Onions, for the

defence, said the defendant's actions were not politically motivated. They were no more than a personal protest against a system which did not allow him to vote.

Mr Roberts, of Reabrook Avenue, Shrewsbury, admitted arson, causing damage to the conference hall door; attempted arson, placing the device under a councillor's car; and a third charge of sending false information to the hotel that bombs had been placed. He was placed on probation for two years and ordered to pay £40 compensation and costs.

Mr Mitchell said that the youth, who was studying sociology, carried out a project on terrorism which had gained him high marks.

## McNee warning of increasing crime

The number of murders, rapes, thefts and acts of vandalism could double over the next 20 years, Sir David McNee, Metropolitan Police Commissioner, said yesterday. He also said he had no reason to suppose that terrorism in London would diminish in the coming year.

Sir David gave his assessment in a speech in which he urged Christians to show the way to a more law-abiding society.

Speaking at the Church of St George's-Town, Glasgow, where he used to worship when he was a policeman in the city, he said London's crime statistics

presented a "horrible picture" with a four-fold increase in serious crime over the past 22 years.

About a third of the people arrested for serious crime were youngsters. Since 1973 London had had more bombings, shootings and injuries as a result of terrorism than in the rest of Britain, and the Iranian Embassy siege had dubbed 1980 as "The Year of the Siege", Sir David said.

He said: "That single incident served to demonstrate the political, international and unpredictable aspect of terrorism. There is nothing I know that suggests that this form of criminal activity will lessen in the years to come."

Sir David went on: "As we look into the future and project the dramatic increase of the past 20 years into the next 20, one could be forgiven for sinking under a sense of helplessness."

"Even those of us who are considered old by our children may yet have to live in a time where burglary, theft, vandalism, murder, assault and rape are at least twice as prevalent as they are today."

He said: "As Christians, while we must be realists and appreciate that crime will always be with us, we must not allow despair about the darker side of mankind to overcome our determination to create a better world."

## MEPs under fire for costly trip to Latin America

By David Wood

Leading Conservative members of the European Parliament are "dismayed" by the week's visit to Latin America paid by a parliamentary delegation with an entourage of interpreters and clerks, at a cost of £250,000.

Sir James Scott-Hopkins, leader of the Anglo-Danish European Democratic Group, which had members on the delegation, to protest to Mme Simone Veil, president of the Parliament, and ask her to ensure that it does not happen again.

In a statement yesterday Mr John Gower, Conservative European Democrat chief whip, did not conceal that he sees a sharp contradiction between the Conservative attitude towards public spending and revelations about the "Latin American junket".

He said that British Conservative MEP "has shown, by their conduct on the spending committee of the Parliament, that they share the British Government's concern to minimize public expenditure and to protect the taxpayer at the EEC level, as at the national level."

Defending Conservatives who were on the delegation, he said that it would be wrong to pillory individual members, because they did an important job overseas in promoting the Community's external trade,

which was of increasing importance to Britain.

The EEC, he said, was now the world's largest trading block, with an export allowance of about £60 a day.

Critics make the point that the European Parliament has no responsibility for foreign policy, but it is concerned with the Community's external trade policy. Overseas visits are increasing, and the same questions are beginning to be asked as were formerly asked about overseas visits from Westminster.

The size of delegations appears to be questionable, and it is often possible to choose MEPs for delegations who do not need interpreters when they go abroad.

It is likely some British MEPs will raise questions about the cost of the Latin American trip, and of other delegations, at a plenary session of the Parliament next week.

Over £500,000 needed

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King George's Fund for Sailors

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Last year, KGFS distributed almost £500,000 to specialist charities supporting seafarers (the Royal Navy, the Royal Marines, the Merchant Seamen, the Fishermen) who are injured, together with their children, their families and dependants. We need to provide much more this year. Usually, these brave seamen are in difficulties through no fault of their own. Death, disablement, age, chronic illness... all take their toll. We must not let them and their dependants down. Please help King George's Fund for Sailors to go on helping—with your donations, covenants, legacies.



## WEST EUROPE

### King faces protest at Guernica parliament

From Richard Wigg, Guernica, Feb 4

King Juan Carlos was stopped for seven minutes as he began to address the Parliament of the Basque region here today by interruptions from about 40 singing and chanting MPs. All of them belonged to the extreme left-wing party of the Basque nationalists, Herri Batasuna (Basque Unity).

The speech at Guernica, the town with the famous oak tree where Spain's kings in the Middle Ages swore an oath to respect the Basques' fueros or historic rights, was the most significant moment politically of the king's two-day visit.

Hurri Batasuna, which has close links with ETA, the terrorist organisation, has opposed the royal visit, and his demonstration by a party which has boycotted any assembly above the municipal level since it came into second place in the Basque regional election last March, was intended to be its maximum effort at protest.

The party placed advertisements in the region's newspapers today showing Don Juan Carlos appearing with Franco under the slogan "The Basque country will never surrender".

The king waited patiently, smiling occasionally, during the demonstration in the Casa de Juntas, and observed before starting again on his prepared text.

"In front of me, I will practice intolerance and do not respect representative institutions, or the most elementary rules of freedom of expression. I want to reaffirm my faith in democracy and confidence in the Basque people."

There were great cheers from the members of other parties.

King, who condemned violence in the Basque region, put the monarchy firmly behind Basque home rule within the framework of Spain's national unity.

He said: "The Basque people's liberty, as expressed in the long existence of their institutions, never constituted any obstacle whatever to the unity of Spain."

The king described the newly granted autonomy—the "autonomous status" of the Basque region—as a "new chapter" returning a liberty to the Basque provinces which had formed the basis for a model of loyalty.

But he also firmly rejected separatism. The Basque country, he said, was an element which cannot be given up in our project for a common life within the unity of Spain."

By his presence in so historic a location for the Basques, the king has sought to put his seal on the evolution process and prevent the right-wing far-right society from exploiting the regional problem to reverse the whole democratic process.

There was heavy security along the country roads here from Bilbao, with policemen every 10 miles in some small towns. Four water cannon vehicles were in Guernica's main street.

The second day of the tour began with a royal visit to the Bilbao Altos Hornos steelworks, where the king was greeted by the workers with indifference and without applause.

The voice of a woman identifying herself as a member of ETA, drowned the sound on the main television news broadcast in the San Sebastian area tonight when it dealt with the king's visit.

She repeated the demand for an amnesty of ETA terrorists or suspects detained in Spanish jails and repatriated on the royal visit to the Basque country.



The Pope admiring the skills of two acrobats during his general audience in the Vatican.

### Rival candidates vying for de Gaulle's mantle

From Charles Hargrove, Paris, Feb 4

In my father's house are many mansions would seem an appropriate motto of the Gaullist party a short time before the presidential elections, the first of which will be held on April 26 and the second on May 10.

With the announcement of the candidature of M Jacques Chirac, there are no less than three candidates and there will soon be four—if President Giscard d'Estaing is to be included when he declares himself a candidate for re-election.

He said that it is not up to a Gaullist congress to choose between two candidates. "It is a detestable procedure, which makes us akin to a party" (as if Gaullism since de Gaulle had ever been anything else).

President Giscard d'Estaing abundantly mentioned General de Gaulle in a long interview published today by *Jour de France*, the glossy weekly magazine of M Marcel Dassault, the aircraft manufacturer.

He quoted for this several reasons. "First, because I learnt the job of statesmanship at his side, and I was always conscious of the fact. It is a job one has to learn concretely, watched how he did it. Next, there is the office. Political leaders think the ties with political parties or groups is the stronger. No. The office is stronger than these ties. Finally, the fundamental choice he made seem to me the right one."

The President obviously felt he had tackled the Polish problem in truly Gaullist style. Twice he referred to his Warsaw summit with President Brezhnev. Criticism of it was "fundamentally inaccurate," he said. "I fully understand that I could have been reproached with agreeing with Mr Brezhnev on this or that matter that would have been bad for France."

But that the head of the French state should discuss matters directly with world leaders in the events of tension in the world, that he should say useful things, that he should be able to uphold France's place in history."

For M Debré, the former Prime Minister of General de Gaulle, and sometimes rather naughtily described as the "old man of Gaul," there is no doubt about who is the true guardian of the flame. He has already condemned M Chirac, who yesterday stood down as the president of the Gaullist RPR, for having "assumed the responsibility of breaking for ever the movement which claimed allegiance to Gaullism," this takes some doing on the part of a man who announced his candidature to the presidency last June as the personification of the Gaullist movement.

He said that the Bonn Cabinet at its regular meeting noted Mr Weinberger's statement in Washington. Herr Schmidt, the Federal Chancellor was said to have been angered by Mr Carter's decision in April 1978, to postpone production of the bomb.

Dutch opposition: A majority of the Dutch Parliament called on the Government to oppose the deployment of the neutron bomb (AP reports from the Hague).

The motion asked the Government to argue against introduction of the weapon into the Nato arsenal and to state that the Dutch Government opposes its deployment on Dutch soil. It was convinced that the neutron bomb "blurs the distinction between nuclear and conventional weapons and lowers the nuclear threshold."

Soviet reaction: A Soviet commentator predicted that Washington would attempt to "blackmail" its European allies into accepting development of neutron weapons (AP reports from Moscow).

Tass in commentary by Vladimir Goncharov, wrote that Washington would use "political pressure and economic blackmail as well as propaganda brainwashing" to convince other members of the North Atlantic Treaty Organisation.

Leading article, page 15

movement to which he still belongs.

In a "Letter to the comrades" (the Gaullist version of comrades) on the eve of the congress, which will meet next Saturday to endorse M Chirac's candidature, he challenges the very validity and declares that he will stay away from it, that no one will address it in his name, and that he will call on his supporters to follow his example.

He asserts that it is not up to a Gaullist congress to choose between two candidates. "It is a detestable procedure, which makes us akin to a party" (as if Gaullism since de Gaulle had ever been anything else).

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Leading article, page 15

## OVERSEAS

### Mr Walesa advises more sit-ins but no force as talks falter

Warsaw, Feb 4.—Talks between the Polish Government and strikers in the southern province of Bielsko-Biala broke down today, and Mr Lech Walesa, the leader of the Solidarity trade union organisation, told workers to stage sit-in protests and report only to passive resistance in the event of attacks.

Strike leaders in the province, an important industrial centre close to the Czechoslovak border, instructed workers to intensify the occupation of their plants.

Workers have been occupying 120 major plants in the province for 10 days in support of demands for the dismissal of some 30 provincial officials.

Mr Jozef Labudek, the provincial governor, and three of his deputies, accused by the strikers of corruption and financial abuse, submitted their resignations last night. But the authorities refused to accept them, apparently determined not to give in openly to what they saw as a political strike.

Mr Walesa, who was with the strikers today, issued a statement saying they should not make any new demands. He also called on all other regional branches of his union of 10 million members to make no important decisions without consulting him.

He said: "If a forcible attack on Bielsko were to occur or communications were to be cut, occupation strikes are to be staged but no new demands should be pressed. Only passive resistance should be employed."

The Government announced last night that strikers would receive only half pay, and then only if their strikes did not infringe union statutes.

Mr Stanislaw Kania the party leader, in a speech on Monday accused Solidarity of staging strikes far beyond the limits of normal trade union activity and said the union was turning itself into a political opposition.

The strike leaders in Bielsko-Biala said the strike factories had been occupied "only by skeleton shifts. They called for more workers to stay in their factories during the evening and night shifts and asked for more food and blankets."

The Warsaw evening newspaper, *Express Wieczorny*, tonight explained some of the accusations brought by the strikers against officials in Bielsko-Biala. It said that people were above all ignorant about the allocation of housing.

The Governor had a special pool of apartments at his disposal and many higher officials were given houses at low prices and on generous credit terms."

The party Central Committee will hold its eighth plenary session on Monday, the Polish radio announced today.

Reuter and Agence France-Press.

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### Alarming Warsaw figures aggravate Western concern

### Poland lacks funds to discharge international debt payments

By David Spanier, Diplomatic Correspondent

The problem of how to deal with Poland's economic difficulties, already causing acute concern in the Western capitals, has been further aggravated by bad figures from Warsaw this week.

National income was down 4 per cent last year, compared with 1979, itself 2 per cent down on 1978. The latest indicators for January show industrial output running at half the level of more than one occasion) and help in working out a recovery plan; designed not only to put the economy back on its feet, but assure in due course the repayment of its loans.

This is not possible with Poland, Poland is not merely outside the financial frame of reference within which Western and Third World countries operate, it is also very much under the shadow of the Soviet Union.

For this reason, discussion of Poland's indebtedness by Western countries takes place in secret. The Club of Paris, which is the usual forum for creditors to meet, compare notes and organise rescue operations has faded into the background. Instead, meetings are referred to in very guarded terms, usually after the event.

Various indications about the Polish economic performance are fed by Polish officials, and conclusions drawn. The past performance of the Polish economy has been so inept, in the view of most experts, that it is hard now to take at face value the claims of future success.

But as officials sometimes put it, when a player in a poker game goes broke, his partners can do two things: either give him more money, in the hope that he will be in a better position to repay his previous debts, or stop the game. In financial terms, this means refinancing or rescheduling. The Poles are in no doubt that they wish to continue playing, they intend to repay their debt.

Moreover, there is a general sense that Moscow, in the last resort, would not allow a default to occur and would somehow find a way of guaranteeing Poland's debts. In the past, the Soviet Union has been scrupulous in its international financial dealings, bankers say.

But the question arises, how much to refinance? In the first quarter of this year, Britain contributed £15m for food aid, and about £15m to facilitate the repayment of debts, that is new money for paying back most of the old debts due.

It seems that another short-term rescue operation will have to be mounted for the second quarter, before a longer-term plan can be devised. With a new Administration in Washington, there has not been time to concert Western policy towards Poland.

predicament unique. Poland is not a developing country. It is in fact the first industrial country unable to meet its international debt obligations—

for Turkey, which anyway is a member of the Western alliance cannot really be described as an industrial country.

The normal process for countries in difficulties is to turn to the International Monetary Fund, which can make loans or credit lines available (as Britain has had cause to know on more than one occasion) and help in working out a recovery plan; designed not only to put the economy back on its feet, but assure in due course the repayment of its loans.

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### Run-up to Soviet congress brings a wave of licensed criticism of state and society

From Michael Binyon, Moscow, Feb 4

For four years after 1976 every city in the Soviet Union displayed slogans proclaiming: "We shall fulfil the decisions of the twenty-fifth Congress of the Communist Party of the Soviet Union." But last autumn these were replaced with a new exhortation: "Let us worthily greet the twenty-sixth Congress."

The change marked the beginning of an intensive campaign that has been going on for five months to prepare the country for the crucial gathering of Soviet and world Communists that opens in Moscow in just under three weeks.

The preparations have gone on at every level: on the shop floor, in city councils, regional party committees, and finally in the party central committee, in each of the 15 republics making up the Soviet Union, which have been holding meetings over the past two weeks.

In each case party activists and officials have taken stock of their achievements over the past five years, carrying out the policies of the last congress and what remains uncomplicated, and drawing up plans for the future. Officials have been going through a process of self-criticism, evaluating their own shortcomings and pledging themselves to do better in the future.

The party considers this unsettling self-examination extremely important. Indeed, the press has been full of some very frank admissions that not all has been going well, that much remains to be done, and that too many party officials have lapsed.

Even official reports of the congresses in Georgia, Estonia, Turkmenia, Latvia and other constituent republics have spoken of the tendency of party propaganda to be dull and cliché-ridden.

The run-up to the full congress is a rare period when criticism is not simply tolerated but solicited. Indeed, an account in the Latvian party congress sharply denounced local officials who refused to accept criticism and took revenge on those levelling charges against them.

All criticism has to be "constructive" and "principled" in their words, within the party framework. But something still remains during this brief period of open debate that harks back to the pre-Stalin days of Soviet power.

The Soviet Communist Party now comprises more than 17 million members, or about 9.3 per cent of the population, and shows an increase of about 1,500,000 since the last Congress. At the lowest level its organizational structure now includes more than 400,000 individual units.

These are meant to be the "vanguard" of Soviet society, the instruments for implementing party policy, the watchdogs guarding the heritage of Lenin, and the means by which the state exercises control over every aspect of life in the Soviet Union.

It is on these organizations that the spotlight now falls, and they are the bodies which are to be blamed if key economic targets are not met, or if there has been any upsurge in activities deemed incompatible with the party's ideology, religion, crime, local nationalism, and so on.

In the past few months, the press has been mercilessly exposing party organizations that have not lived up to standards. As *Pravda* reminded its readers in a leading article yesterday: "Whoever joins the party has to be an example of Communist principles in action." Whether he worked on a farm or building site, in a factory or office—he had to be an organizer.

Unfortunately, the paper said, this often took the form of simply shuffling papers, or party officials went round boasting about their statistics and plans and then forgot about them.

*Pravda* said some party members had still not shown themselves to be "active political strugglers". There were cases of individual comrades turning a blind eye to shortcomings, absenteeism, drunkenness and conduct unbecoming to a party member.

Last December the paper gave a more detailed example of what it meant. In the small town of Kolomoysa in western Ukraine, with a population of about 40,000, there had been a "disaster" in the work of the party discipline, manifestations of self-censorship and private ownership tendencies.

The town authorities had allowed churchgoers to illegally supply them with materials to build a church. Party leaders had rewarded their relatives with large flats, cars, expensive furniture and building materials.

The local hospitals and schools were under the control of "an entire group of bribe-takers", including the wife of the head of the party organization. Last year there had been an alarming increase in the number of party officials who were not working hard enough, although the authorities had criticized the statistics to present themselves in a better light.

The press plays an important role in ensuring that party organizations put their houses in order, but the press itself has not escaped criticism. In general, the press has been much concerned with workers' morale in the run-up to the congress, and has emphasized the need to instil a sense of discipline and responsibility. The aim is to generate some urgency and enthusiasm in Soviet industry, but probably at the same time to prepare the Soviet population for the tough new labour measures which many people expect the party will be forced to adopt at the coming congress in an effort to raise the low productivity of the economy.

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## UN agency blamed for starvation threat to Ugandan province

From Charles Harrison  
Nairobi, Feb 4

Mr Richard Luce, Parliamentary Under-Secretary of State at the Foreign and Commonwealth Office, said today that Britain would cooperate closely with the new Ugandan Government of President Milton Obote in its efforts to restore the country's economy.

He also expressed satisfaction with the work of British aid agencies in helping to overcome famine in Karamoja, north-eastern Uganda.

On a five-day visit to Uganda, the first by a British minister since President Obote took over power after last month's election, Mr Luce went to Karamoja. He was told by aid workers that the area was facing the threat of widespread starvation if better arrangements were not quickly made to transport relief food.

Britain is providing assistance to rebuild the Ugandan police. Mr Luce made it clear that Britain's ability to contribute directly to further aid schemes was limited because of the financial situation. Britain was, however, anxious to help Ugandan recovery and ready to consider a system of investment and export credit guarantees.

Speaking to reporters today before leaving Entebbe for Nairobi, Mr Luce said he was impressed with Dr Obote's assurances that foreign investment would be safeguarded. Dr Obote had told him that there would be no nationalization of foreign holdings. Uganda is returning to its former British and other owners some of the assets seized in 1972 by former President Idi Amin.

The Karamoja famine figured prominently in discussions today in Nairobi between representatives of the British Save the Children Fund Organization, officials of the fund from Britain, led by Mr Hugh Mackay, its overseas director, and directors of its operations from Uganda, Somalia, Ethiopia and Sudan.

Mr Mackay expressed concern about a hold-up in transport facilities to Karamoja, where he said food supplies would run out by the middle of

this month if urgent measures were not taken. The United Nations Development Programme, which is responsible for coordinating transport, was accused of "bungling inefficiency" by Mr Guy Bles, the fund's field director in Uganda.

Mr Mackay said that with the rainy season due to begin early in March, roads in Karamoja would become impassable.

He called on the United Nations to act immediately to improve the transport system. Most of the heavy lorries are out of action for lack of spare parts or lack of fuel. To meet the immediate needs, the Save the Children Fund has hired 3,500 tons of food. Karamoja needs 800 tons of food a week.

Mr Bles said: "We had hoped by our action to buy time for the immediate needs, the Save the Children Fund but they appear to have done nothing."

Mr John Forsyth, the Oxfam representative in Nairobi, endorsed this view. He said that Oxfam officials operating "food for work" schemes in Karamoja would be in physical danger if they were unable to supply food in return for work done by the Karamojong people.

Mr Roen Repp, coordinator of emergency operations for the United Nations Children's Fund (Unicef) in East Africa, agreed. He said that Unicef had provided cash for spares in an effort to get the lorries moving again, but this was only a temporary solution.

In Sudan, the flow of refugees from Ethiopia (as distinct from Eritrea) has recently trebled to about 6,000 a month.

In Ethiopia, the Save the Children Fund has been allowed to start a resettlement operation for homeless people in Bale, in the south.

The Save the Children Fund received more than £5m in donations from the British public last year when the first reports of famine in Karamoja appeared. Since then, a relief operation has been built up in Karamoja, and the money has all been committed for continuing operations, according to Mr Mackay.

## Mr Hua Guofeng gets some Army backing as doubts grow on economic policy and debunking of Mao Power struggle renewed in Peking

From David Bonavia  
Peking, Feb 4

As the Year of the Cockerel in the Chinese calendar replaces the Year of the Monkey, uncertainty reigns as to the state of play in the unending power struggle between the top leaders.

Ordinary people seem glad not to have to bother themselves with official state, preferring instead to enjoy the cigarettes, sweets, special foodstuffs, wines and spirits they have been stocking up. The Commerce Ministry has made a special effort to ensure that Peking is well supplied with high-class produce from many parts of the country.

Firecrackers splutter on the streets as families stroll out in below-freezing temperatures to visit relatives or attend special screenings of popular films.

The holiday—inappropriately renamed "Spring Festival"—makes it possible for married couples working in widely separated parts of the country to spend a week or two together.

But there are clear signs of yet another struggle for power in the upper ranks of the leadership.

After the suspended death sentence on Jiang Qing, Mao Tse-tung's widow, and long prison terms for others denounced as "counter-revolutionaries", the country is badly in need of a more harmonious political and social life and an indication that the extraordinary twists and turns of economic planning have at last put China on the road towards prosperity and modernization.

It is more than six weeks since it was disclosed unofficially that Mr Hua Guofeng would step down soon from the party chairmanship, after his resignation from the office of Prime Minister last year.

Formalization of this resignation needs a plenary session of the party Central Committee and a procedural practice for this month, the meeting is now understood to have been postponed until March and possibly longer.

Meanwhile, Mr Hua nominally holds the chairmanship, and some sources have speculated that he may be holding out for another senior post, such as that of a deputy chairman, in exchange for giving up the other two posts gracefully.

Mr Hua is also reported to have enjoyed increased support from some senior Army veterans, including Marshal Ye Jianying, who holds the position most equivalent to that of head of state (a post which does not exist in China).

The Army has been disturbed by doubts about the wisdom of the present economic policy and by its loss of prestige through the conviction of five former senior officers at the "trial of the 10". For decades the officers and troops have been schooled in the "people's war" concepts of Mao and of the late Lin Biao.

Many Army commanders are believed to be opposed to the further denunciation of Mao's policies.

On view again: Mr Hua today made his first public appearance after over two months' absence. The New China news agency reported that Mr Hua had met Mr Hoang Van Hoa, former vice-president of the Vietnamese National Assembly, who defected to China in 1979.

Mr Hua made his last public appearance on November 27, when he met Mr Ilie Verdeț, visiting Romanian Prime Minister.

## Nigerian coalition facing disarray

From Karim Thapar  
Lagos, Feb 4

The coalition Government in Nigeria appears to be on the brink of collapse. There has been mounting distrust and acrimony between the partners, the President's National Party (PNP) and the Eastern Nigerian Peoples Party (ENPP), for several weeks but yesterday's action by Mr Ralph Obichia, chairman of the House of Representatives finance committee, in taking the President to court is bringing matters to a head.

The immediate issue is the Revenue Allocation Bill signed into law only hours after the court action. Mr Obichia has asked the court to declare the outcome of last week's joint session of the National Assembly to be null and void.

He also wants an injunction restraining President Shagari from giving his assent to the Bill.

The crisis comes after two months of surprising opposition by ENPP MPs to the Bill which is supported by their own party's members of the Cabinet. Under pressure from the three opposition parties to withdraw the Bill, the coalition NPP's two governors, Abacha and Imo, have openly flouted with the so-called progressive group of nine opposition members. Official party statements have gone so far as to criticize the Government.

Under the Government, NPP senators met yesterday and unanimously agreed that they were in favour of breaking the coalition accord.

The Government, however, could still survive. The coalition agreement was negotiated after the 1979 elections which resulted in the PNP being the largest party in the two houses of the Assembly but without a clear majority. A similar accord was at the heart of the Tafawa Balewa Government, ousted in a coup in 1966, when the then Northern Prime Minister's party had the support of an earlier Assemblée party.

When civilian rule was resumed 16 months ago, the accord gave stability and helped to ease the naturally divisive forces that had emerged during the elections. Latent tribalism and the ambitions of individual members seem to have convinced both parties, however, that this "marriage of convenience" has outlasted its usefulness.

As a further indication of its strong desire to improve relations with South Korea, the new Administration here is preparing to sell that country the sophisticated F16 fighter aircraft it has long desired.

According to Administration sources quoted by the Washington Post today, a request for formal approval to sell 36 of the aircraft will be submitted to Congress shortly. President Chun Doo Hwan of South Korea was informed of the Administration's willingness to let his Government have the F16 during his visit to Washington this week.

The pending sale is in line with the defence commitment agreed by President Reagan in the final communiqué published after his talks with President Chun on Monday. The communiqué said that the United States would "make available for sale appropriate weapons systems and defence industry technology for enhancing Korea's capabilities to deter aggression". Mr Reagan also promised to keep American troops in South Korea as long as they were needed there.

Before leaving Washington for the final leg of his visit to the United States in Hawaii, President Chun promised that his Government would continue to liberalize its country's press and civil rights laws. Nevertheless, democracy in Korea was still "weak" and required the exercise of firm authority, he explained.

In a speech to the National Press Club here, the South Korean leader also reiterated his recent invitation to President Kim Il Sung of North Korea to come to Seoul to discuss ways of resolving the long conflict between them. Such a meeting could create an atmosphere of trust and understanding "between the north and south of the Korean peninsula", he said.

## Transkei in opposition to homeland

From Eric Marsden  
Johannesburg, Feb 4

Trouble has broken out between prospective partners in the constitution of the new Transkei homeland. Mr P. W. Botha, the South African Prime Minister, hopes with one-day take in most of southern and central Africa. The news that Ciskei has accepted Pretoria's invitation to become the fourth independent black homeland has met with hostility from its larger neighbour to the north, Transkei.

Together the two homelands account for most of the Xhosa-speaking people in southern Africa. Transkei, with a population of about three million, was declared independent in 1976. Ciskei, with about one million, at first refused to separate itself from South Africa but last year Chief Leongo Sebe, its Prime Minister, agreed to accept independence if at the same time his country entered into a confederation with South Africa. This, he felt, would give it greater freedom of action.

## US takes derelict Somali base

From Marie-Thérèse Delboubes  
Mogadishu, Feb 4

The former Soviet military base at Berbera in Somali has undergone a dramatic change of ownership and will soon be open under United States management.

There are only a dozen American soldiers at the moment, drinking Coca Cola imported from The Netherlands in a lonely bar overlooking the Red Sea under a sign declaring "Long live USA-Somali friendship".

The base consists of derelict buildings and installations abandoned by the Russians when they were ordered out at short notice in 1977. The base is in the middle of a desert, with bushes and pine trees, bordered by a chain of hills.

The Somalis, living in a state of tension for the past five years, must have breathed a sigh of relief when President Ronald Reagan entered the White House.

Last August 24, an accord was signed between Washington and Mogadishu, under which the United States could have air and naval facilities in the former Soviet base at

Berbera. But since then nothing very much has changed in the way town which faces Aden on the other coast of the Red Sea.

The gigantic petrol tanks are bone-dry—petrol is strictly rationed here—and the port is waiting sleepily either for foreign aid for refugees in the hinterland or the camels and goats from the interior. Somalia's main exports, to be shipped to the Gulf.

Repair work on the air base's landing strip, the longest in Africa, has not even started. The cost of bringing the port and air base facilities up to modern military requirements is estimated at about \$11m (£4.5m), for practically everything will have to be brought here, including many skilled workers.

So far as the man-in-the-street is concerned, the new alliance with the Americans has been a disappointment—a packet of imported cigarettes has soared to \$4.

The initial American contingent will number only about 300 and will concentrate on serving as a communications and coordinating unit for the rapid deployment force in

Nevada and its likely operational area in the Indian Ocean. Months of uncertainty have made the Somalis nervous. They live on the narrow strip of sea along the coast of the Gulf of Aden, the Ogaden province towards Berbera, which is less than 180 miles from the frontier, using an excellent highway.

Mr Muhammad Seed Muhammad, Deputy Minister for Foreign Affairs, said last week that 100,000 Ethiopian troops, supported by several thousand Russians and Cubans, were massed along Somalia's north-west frontier, threatening Berbera, and in the central region where Somalia's "waist" is narrowest.

The minister claimed that Ethiopia's object was to cut Somalia in half, isolating the former British Somaliland protectorate (Somalia became independent in 1960 as a result of a merger between British Somaliland and the Italian trusteeship territory of Somalia).

The Somalis will remain tense and nervous, aware of their isolated position in the Horn of Africa, until the arrival of the American and the rapid deployment force in

## Seoul given promise of F16 fighters

From David Cross  
Washington, Feb 4

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## Two Britons murdered in Zimbabwe mission

From Stephen Taylor  
Salisbury, Feb 4

Two British missionaries were murdered at a school about 95 miles south-east of Salisbury last night by two men who forced their way into their bedroom.

Mr Donald Lale, aged 49, of Waford, Herefordshire, died of head wounds after being beaten with a garden implement. His wife, Ann, aged 44, was shot dead.

The Lales, missionaries of the Seventh Day Adventist Church, were sent to teach at the Chisengwe Range mission school, near Inyanga, last month. The school was closed in the latter stages of the bush war and the Lales were the first whites to be assigned to the school since it reopened.

Police said that at about 9.30 pm last night two black civilians approached staff at the mission and asked: "Where are the Europeans?" The staff reported that one of the men was armed with a pistol and forced them to show the way to the Lales' room.

Sources at the mission said that Mrs Lale was shot when the men entered the room. Mr Lale ran from the room and was pursued to another room by one of the men who beat him to death in front of other mission teachers.

Reports that the men claimed they were avenging the South African raid on Maputo on Friday in which members of the African National Congress were killed, were not confirmed.

Black staff at the mission also denied the report and said the men forced them to sing a guerrilla song.

A spokesman for the Seventh Day Adventist Church here said that there had been no previous racial incidents at the mission and that Inyanga, which is on the road between Salisbury and Umtali, had been regarded as a trouble-free area. The church had no plans to withdraw white missionaries from such areas.

Not surprised: The news was broken to Mrs Lale's parents, Mrs Elsie Smith and her husband Frank, at their home in Fossil, Waford, last night.

Mrs Smith said they were not very surprised when a church minister told them what happened. "We were always half expecting this to happen. It was at the back of our minds because they were in a dangerous area."

The Lales had two sons, Andrew, aged 14, and Timothy, aged 17, who are now in England.

## World View by Arrigo Levi

## Historic achievement of social democracy

So, after all, social-democracy works. A careful reader of *The Times* and a science-fan, I discovered in a recent article by Dr Tony Smith on "the child-death cycle" a piece of information which struck a deep chord in my political conscience.

"Since 1976," Dr Smith wrote, "measurement of children's heights (in Sweden) has shown no differences either between social classes or between regions. Every child grows to its full genetic potential."

Such an epoch-making event deserves some further comment. The fact that, for the first time in history, a nation has been able "to give all its children an optimum physical environment" can be seen as a point of arrival for a history which began many ages ago: not with modern socialism, but possibly with the Judeo-Christian idea that all men are equal before God.

But in practice it was the modern social-democratic movement that set in motion policies aiming at providing equality of opportunities for all men's children: I am not referring to individual parties, or to present political controversy, since social-democracy took different names at different times. The labels changed: the Welfare State, the New Deal, the Great Society, and so on. All these (and the related ones, such as the mixed economy, *Le Plan*, etc) are today somewhat unpopular in many countries.

From right and left, the failures and limits of social democracy are being severely criticised, and justly: there are many good reasons for pointing out these failings and looking for remedies. But if even in one single country, ruled for so long by social-democracy, the great goal mentioned above has been achieved, social democracy as a whole is historically vindicated.

Where Sweden has gone, others will surely follow. After all, until a couple of generations ago, Sweden was not rich, and the fathers of socialism did not think of a dream about it. It is itself a stupendous historic achievement. If only one country has so far reached this goal, all others participating in this race can feel comforted: they are behind, but on the right track.

But do not let us forget that most countries still have a long way to go before reaching even this partial goal. Would it not be foolish to tire too soon and to decide to try other uncertain paths, when we are so far away from the goal, distant but already in sight?

Later in life even Swedish children may not yet be able to achieve as fully their social potential. But the equality of "genetic opportunities" (something which the fathers of socialism did not think of or dream about) is in itself a stupendous historic achievement. If only one country has so far reached this goal, all others participating in this race can feel comforted: they are behind, but on the right track.

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of the welfare state and of excessive government, slightly point out that these things depress individual enterprise and slow down growth. By all means, let us put limits to government interference and excessive taxation. But undoing the welfare state is really as unthinkable today as going back to voting rights only for the rich.

Left-wing critics of social democracy deplore the fact that nowhere has it led to "socialism". Herr Helmut Schmidt, they claim, is not a socialist, just as Attlee was not a socialist. I do not doubt the sincerity of those who desperately want to discover new roads to socialism, as a society where total freedom and perfect equality for all are achieved.

What worries me is that these searches for a new socialist policy (they include the left wing of most European socialist parties, as well as Italy's Euro-communists), while denying any intention to imitate Soviet Russia, since communism destroys political freedom without bringing about social equality, often make suggestions which point in the direction of Soviet-style capitalism: which is the economic foundation of Soviet authoritarianism.

History will go forward and new roads to a fully democratic society (call it socialism if you want) may be found, different from the one which has been followed during the social democratic period in Western America.

But at least this has brought about consistent, though uneven progress towards those goals, to the point of one leading country being able, since 1976, to allow all its children to reach their full genetic potential.

Later in life even Swedish children may not yet be able to achieve as fully their social potential. But the equality of "genetic opportunities" (something which the fathers of socialism did not think of or dream about) is in itself a stupendous historic achievement. If only one country has so far reached this goal, all others participating in this race can feel comforted: they are behind, but on the right track.

But do not let us forget that most countries still have a long way to go before reaching even this partial goal. Would it not be foolish to tire too soon and to decide to try other uncertain paths, when we are so far away from the goal, distant but already in sight?

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## New Books

## One man's will

**Peter the Great**  
His Life and World  
By Robert K. Massie

(Collins, £9.95)  
Robert (Nicholas and Alexandra) Massie writes very long books indeed, a fact more likely to irritate book reviewers than the general reading public which buys them and—there is little evidence to the contrary—is always eager to enjoy another dined, thick square book. I have not seen Alex de Jonge's *Fire and Water* (1979) with which it has been, by one distinguished Russian hand, unfavourably compared, but I cannot believe that anyone putting down nearly ten pounds for the nine hundred pages of *Peter the Great* will be disappointed. No new or original view of Russian history is offered, but Mr Massie tells a moving and frequently quite horrible story in exhaustive detail, controlled excitement and cool style.

To be sure, he is no synthesist: inability, or unwillingness, to reduce the sheer bulk of his sources by prudent digestion is a chief fault. He finds it hard to leave anything out: lists abound, letters and diaries are quoted at excessive length. Yet the material itself is nearly always interesting, and Massie is a talented narrative historian with a diligent energy and enthusiasm, and a desire to share his discoveries with the reader. The structure is sound, but not dull.

He is a fair trader. "His Life and World" says the label on the jacket, and if Peter's world is held to embrace information on digressions on the building of Versailles, the career of Frederick William I, the widespread practice of torture and the viler forms of capital punishment; and life in the cities of Moscow,

London, Paris, Constantinople and Amsterdam at the end of the seventeenth century, not to mention the bizarre genius of Peter's supreme antagonist, Charles XII of Sweden, and a hundred other matters, well, so it did and does. It is of the greatest relevance to be reminded that exactly that world was towards which, after his Great Embassy to the West in 1697, the Tsar wrenched Russia's gaze.

It is a measure of Massie's skill and of Peter's diversity that, shirking no horror, the portrait remains sympathetic. Massie loves Russia, and writes with extreme circumspection—this is to say, hardly at all about Russian history since 1917. Not every reader will agree with his distinction between the Tsar's character, not with his view of Soviet foreign policy in 1940, but the urge to show Peter in the best light must spring partly from the relief of writing about a monarch who could, and did, do everything for himself, after devoting so many years to Peter's descendants who, between them, barely seemed able to tie up a ribbon or fasten a stud.

Peter knew terror in childhood and adolescence, and did not scruple to use terror to fight off or to imagine threats to his absolute, autocratic power. He literally frightened and tortured his son and heir to death, and the full horror of that death, as of the political murders in England in 1649 and 1680, is that it was believed to be done according to abstract principles of justice and law, from which not even the Tsar's wrath was immune. It is not clear from *Peter the Great* whether the pious and drunken Alexis was involved in a genuine conspiracy against his father or whether, as seems



Masquers designed by Inigo Jones from Britannia Triumphans, Roy Strong's re-examination of the iconography of the Rubens ceiling of Whitehall Palace, first given as the Walter Neurath Memorial Lecture (Thames & Hudson, £3.50). From left to right the first two come from "Oberon, the Fairy Prince", the second pair from "Coelum Britannicum".

more likely, he merely wished to marry his Finnish whore, be relieved of the succession, and retire out of reach: he would have made a very bad Tsar.

Bare backs were shredded and men torn on the wheel in the most modern and miraculous European city since the foundation of Venice itself. St Petersburg was literally forced into existence, like everything else, by the will of one man. Peter gave Russia shipbuilding, commerce, an iron industry and the sea; tobacco, assemblies, a place in the reckoning of the West, and the German royal marriages without which no eighteenth century government could hope to home in on the airwaves of diplomacy and international power. He brought the state to solvency and taxed some of the

people to starvation. But above all—and it must seem his most positive achievement to us now—he gave it a city.

"Russian" writes Massie, in his opening chapter, "are a communal people. They do not live alone deep in the forest, contesting the primeval wild with wolf and bear". What a splendidly nineteenth century, or at least Edwardian, there is to that sentence ("wild" is an Edwardian revival): it is the sort of remark made by those travelling Russophiles who wrote the accompanying text to a volume of watercolours by the artist P. de Haenen's Russia of 1913—and indeed Peter the Great is old-fashioned in a number of ways. It is well printed and generously illustrated; it is comparatively inexpensive, or at least excellent

value, and it proclaims an unfashionable faith in the individual's contribution to history. When describing the age of Louis XIV, John Churchill, William III, Charles XII and Peter I, all of whom either exemplified the time or went significantly against it, this seems not merely defensible, but positively right.

It is perfectly complemented by the choice of colour illustrations, which include three of the dramatic nineteenth century history-paintings which surprise and delight travellers to the Soviet Union today. Peter interrogating his son Alexis at Peterhof, by Nicolas Ge (1871); "The Regent Sophia confined in Novodevichy Convent" by Ilya Repin (1879) and "Peter and the building of St Petersburg" by Valentin Serov (1907).

Here are the stars of traditional history fixed: the bitterly smiling father, in the Dutch pavilion at Peterhof, waits for the pale boy to reply; Peter's formidable half-sister, the only creature in the world, apart from cockroaches at dinner of whom he was afraid, her eyes wild with anger and disbelieve that she is trapped at last, as one of her supporters swings slowly in the breeze outside; and the great giant himself, Bas-Peter, striding from site to site on Vasilievsky Island with the needle spine of Peter and Paul Cathedral across the water and servants, planners and technicians alike striving to keep up, their bodies bent and their heads down, as always, against the wind off the sea.

Michael Ratcliffe

## His master's voice

**Downing Street Diary**  
The Macmillan Years, 1957-1963  
By Harold Evans

(Hodder & Stoughton, £9.95)  
"Diary" turns out to be not the precise word. Sir Harold Evans, during his seven years as Prime Minister, kept only desultory notes in the early years, and the diary proper began in 1960. He offers the book, with a characteristic question mark as to whether it is a colourful premier's notebook. He could not have claimed more, and he would have been unfair to himself to have claimed less. He entertains his reader without suspecting him of any significant knowledge or insights not already available elsewhere, above all in Mr Macmillan's memoirs.

It is essentially a book for insiders; for Whitehall, the Westminster Lobby, and Fleet Street. During his seven years in a senior post at 10 Downing Street, Harold Evans became for most political journalists and London-based foreign correspondents the model of an official spokesman, the smoothest and most helpful guide, philosopher and friend at No 10 that the Press had known in the post-war years.

He makes an exception of me "at times he seemed highly prickly and we walked around each other warily". It is a fair verdict, and I hope he is not the only public relations man who would pronounce it. He was right to detect scepticism in me, and it is right to detect that his prime interest was not mine, or those of readers of *The Times*. He was his master's voice; I was not.

The diary raises questions about the responsibilities of Whitehall public relations officers, and the view they take of their answerability to civil servants to the public. Sir Harold, for example, argues that it is important to separate Government interests from party interests, and to ensure that the demarcation line is

always clearly drawn. Yet no such division of interests exists in the thinking of a Prime Minister or any other Minister, and the book seems to me to illustrate several instances when he was able to do more for the party than party officials. If he is an adviser on public relations and cabinet day and night to the Prime Minister, how could he not?

And where does objective truth come in? My first meeting with the author was at the Colonial Office in the early 1950s, when he had in a series of leading page articles on Caribbean immigration. He denied that the Colonial Office had immigration figures or estimates. Perhaps he did not know. But his colleagues were reporting the figures monthly in writing.

Later I heard from a good source that Archbishop Makarios would be released from quarantine in the Seychelles and flown back to Cyprus to become the first President on independence. Sir Harold was strong with denials. Of course, he may not have known. But he went beyond the strict line of duty before Makarios duly arrived in Nicosia.

Nor does his account in this book of my 1959 article on Selwyn Lloyd square with what happened at the time. Lord Bill then the Minister coordinating Government information, knew all the facts within 24 hours, and asked me to his room at the House to receive the friendly confidence that I quote from memory: "for political reasons we have got to do to you what you do to us". Sir Harold, the principal hater of me, may not have known, but it would be surprising if he had been given me.

My point is that Whitehall public relations men need watching, and until they find (as some of them have), a firmer basis for confidence in dealing with journalists, newspaper editors, and the public, their own judgment and chance govern their arm.

David Wood

## Bourbon on the rocks

**Louis XVIII**  
By Philip Mansel

(Blond & Briggs, £18.95)

Who became King after the execution of a near relation; spent the first decade of his reign in exile; returned to his realm by invitation rather than by conquest; was resolved never to go on his travels again; was succeeded by a brother who was chased from his throne within a few years? The similarities between the careers of Charles II and Louis XVIII are so marked that the contrast in characters becomes still more striking. Whatever one's assessment of Charles II, no one questioned his intelligence, his charm, his wit, his mental agility. Louis XVIII, on the other hand, has come down in the popular mind as a nonentity whose weaknesses were flagrant and whose virtues unpronounceable—prudence, imperturbability,

moderation. Mr Mansel, in this impressive debut as a biographer, sets out to prove that Louis XVIII deserves somewhat better of posterity. He makes his case with a moderation of which his subject would have approved and, on the whole, convinces the reader that he is right.

He has an uphill task. Louis XVIII was admirably qualified as a ruler for the eighteenth century. He was slow, unexcitable, sometimes stupid; lazy, apathetic, signing what was put in front of him without even an inquiry about its contents. Marshal Macdonald praised his regard for the *bonaparte*, but the *lynx* is rarely observed in his bulk. He was a man of the world, and his next meal and Louis's preoccupations often rose no higher. He was extravagantly generous and his greed was everyone else would be reasonable, then things would go along very well. As a prescrip-

tion for good government it could not count on invariable success, but it was what was needed in post-Napoleonic France.

This is a long book, swollen beyond its proper length by an irritating habit of appending a translation to every French phrase. It is really necessary to tell us that "à cause des affaires du Parlement" means "on account of the affairs of the Parliament"; and if we are to have this gawky rendition of the original text, why do we need the original text? The index too is inadequate for so substantial a work. These are, however, minor blemishes on a book which is sound, well-written, and admirably researched. Mr Mansel has style, wit, and a sense of proportion, and there seems every reason to expect great things from him in future.

Philip Ziegler

## What might have been

**Pompey: the Republican Prince**  
By Peter Greenhalgh

(Weidenfeld & Nicolson, £18.50)

The great dynasty of the last age of the Roman Republic were, indeed, princely alike in their style of life and in their pretensions. Peter Greenhalgh's subtle might, I suppose, transform into Latin as it were the ambition for which Pompey, the conqueror of the East, was never, or only fleetingly, strained: to receive the reward due to his immense achievements was to be accepted and recognized by the senatorial nobility as the leading man among all the leading men of the Republic. Their rejection of him, and his unwillingness to defend the bases of his position and power, led to the fatal conjunction with Julius Caesar, which, in the end, united both him and his opponents.

The second volume of Peter Greenhalgh's biography (the first was published under the title *Pompey: The Roman Alexander*) extends from the beginning of 58 BC, when the consequences of his compact with Caesar were already becoming apparent to Pompey, to his death 10 years later, cut down by one of his own ex-officers, on the Egyptian shore. It is a decade full of incident and portent for the future, and one in which, although the best documented period in European history before the Renaissance, problems abound for the historian. That many of these problems are, in the present state of knowledge, insoluble has not precluded the author from a determined and scholarly attempt, creating a minefield through which the author reads a sure-footed path. Notes to the end of the book give full references to the ancient sources and modern discussions (the author's bibliography is impressively up-to-date).

There are six pages of serviceable maps, and appendices (on the provincial law of Pompey and Magnus of 55 BC and its relevance for the vexed question of the terminal date of Caesar's Gallic command—a model discussion, this—and on the relationship between Pompey and Caesar in the war) bibliography, list of references to all the quotations in the text (a valuable feature) and not to be taken for granted in these straitened times, a full index. Yet the scholarship, the lucidity and the accuracy of it, is kept firmly in its place to serve a narrative which is as lucid and attractive in the second volume as it was in the first and which gives a vivid picture of the personality of the individual character but of the wheeling and dealing, at times of Roman public life at the end of a great tradition.

The author perhaps tends rather to underplay the fierceness and unrelenting which contemporaries marked

in Pompey's personality, but his overall assessment is firm and just: if a guardian were needed for the very imperfect Republic, Pompey's ambitions were more compatible with its preservation than Caesar's. Unlike many moderns, the author has the relationship between Pompey and Caesar in the correct perspective. We today see Pompey through Caesar's shadow; but to contemporaries it was the older man, not the younger patrician adventurer, who bestrode the petty world like a colossus. Hence the oligarchy's fear and opposition. "What might have been" is an improper speculation for a historian. But what if Marcus Cato had in 52 BC brought himself to accede to Pompey's request that he and his eldest son should marry Cato's niece? In the event Cato's daughter, but the whole subsequent history of Europe might well have been different.

Donald Earl

## Empire makers

**The Cohesion of Saudi Arabia**  
By Christine Moss Helms

(Croom Helm, £14.95)

It is not exactly unknown for authors to begin by declaring that all previous works on their subject are irretrievably distorted, but in the case of Saudi Arabia, Christine Helms has a point. Dr Helms takes the view that Western attitudes to Saudi history have been largely formed—directly or indirectly—by a single commercial enterprise: the Arabian American Oil Company, or ARAMCO. This overstates the case; but because of its powerful economic and political role in Saudi Arabia, ARAMCO has certainly been able to impose a view of the country which reinforces the authority of the ruling royal family. All too many historians write, Dr Helms complains, "as if the Saudi state were a tabula rasa on which the oil company had written its own history".

For example, according to *Arabia Unified*, a recent biography by Mohammed Almansa, the late king was a paragon—courageous, merciful, a man of peace, a man of God to unify the Arabian peninsula. Mr Almansa is not only a former member of the royal court, but also (surprise, surprise) a "contractor" for ARAMCO in Dhahran. Dr Helms' thesis is that all the Saudi royal family are indeed central to the story of the formation of the state they rule, they are far from being the only element in that story, and must be seen in the context of the social and cultural forces from which

they emerge, which underpin Arabian history. Unlike the Levant, for example, Central Arabia has always favoured what the Arabs call a "flexible continuum" between two ways of life, the nomadic and the settled, and the Al Saud made use of this to establish their authority throughout the 1920s, leading to the proclamation of the kingdom in 1932. The Bedouin and "settled" elements were not separate but linked, and Ibn Saud cut across tribal barriers, first by playing on the Saudi claim to the central region of Najd, secondly by making use of the Saudi connection with the Al Wahhab religious movement, a "pure" Islamic sect which remains the backbone of Saudi ideology to this day. He also used the military force of the Ikhwan as a combined army and police force to cement Saudi control over the new territory.

In stressing these and other factors—including the importance to the Middle East of the concept of the nation state—Dr Helms is in some danger of underestimating King Abdul Aziz's achievement altogether. To make an artificial entity such as Saudi Arabia stick together at all is no mean feat. But even so, Dr Helms' book is even stronger enough to defeat a rebellion by the Ikhwan, an event of which Dr Helms herself gives a useful account. All the same, her book is not a balanced study of Saudi Arabia's origins, whose pages smell of scholarship rather than oil, especially at a time when the royal family is coming under increasing stress and strain.

Richard Owen

## Science fiction

**Dark is the Sun**  
By Philip Jose Farmer

(Granada, £6.95)

As they become older certain science fiction writers turn to the epic as to a health farm, as though length alone were a reviver to help prolong creative life. Few are as skilful as Mr Farmer who, having flexed his paragraphs with the Riverworld Series, now takes on the bulky one-volume quest of Davy for his stolen soul—egg—a kind of bio-feedback story without which he is incomplete.

Mr Farmer's fascination has always been with the fleshiness of living things, the actual biological substance of the way creatures are assembled. So that in a world that has sunk back into savagery the weird life—constructs met by Davy—a variety of beasts made up of viruses in the least of them—have an imagined reality that is almost palpable.

The story has its episodic digressions, and Davy himself is never as adequately characterized as the beings encountered, but the momentum is well maintained and, throughout, there is the sweep of an epic quality in which Mr Farmer seems perfectly at home. He isn't just visiting.

The Visitors, by Clifford D. Simak (Scribner & Jackson, £7.95). Another vintage science fiction, this time with a story of more approachable

length. Black boxes, containing alien, land on earth and the effect of their presence topples concepts of behaviour. The robust writing weights all the fancy to a solid circumstance.

Apostle, by Roger Levin (Hale, £5.75). The Lorrin, planet-erasing nasties from outer space, "like bony trees flapping in an October night", are fought off in a battle with echoes of religious conflict. Stimulatingly well done.

A World of Difference, by Edmund Cooper (Hale, £5.75). A clutch of short stories, by a renowned practitioner, more poetically defined than his longer pieces—and "extraordinarily readable".

Not To Mention Camels, by R. A. Lafferty (Dobson, £5.25). SF's surrealist prankster at it again with the adventures of his one-in-three hero. An infectious mood, but, maybe, an acquired taste.

The Alien Way, by Gordon R. Dickson (Hale, £5.95). Another threat to earth, but hope for us in a man who has studied the aliens' code of conduct and honour. It drags a bit, but the story does have a climactic grip.

The Altoran Creed, by Terrance Cocksack (Dobson, £5.25). A woman-dominated society, but balance has to be found between the sexes otherwise decay will set in. Provocative and perceptive by a writer new to the genre.

Tom Hutchinson

## Quick guide

**The Beaker Folk**, by Richard J. Harrison (Thames & Hudson, £12). Nineteenth-century archaeologists gave the unlovely name Bell Beaker to some of the loveliest pottery from prehistoric Western Europe, because it looked like inverted bells. Quite a few of them thought that these beakers were early beer-mugs on account of their generous capacity. Traces of the prehistoric beer, such as malted barley grains, proved elusive.

Research over the past 15 years, particularly radiocarbon dating, has shown that the Beaker Folk were not a separate, well-defined, beer-drinking community, more a movement spread widely and sporadically by different groups around 2000 BC. They introduced metal technology all over Western and Central Europe. And their arrival coincided with major structural changes in primitive society: hierarchical communities, keeping up with the pre-recess and the acquisition and display of coveted possessions to assert one's status. Dr Harrison's is the first general book about Bell Beakers for 50 years. It summarizes the recent transformations of knowledge about our energetic Copper Age ancestors, to whom we owe Stonehenge and, evidently, the modern race-race as well as the beakers.

But it is not quite as simple as that. While some of us naively take delight in the spectacle of the old streets coming to life again, there are those like Mr Anson who see the last 12 years as a tragedy. For him the enemy comprises not just the planners but the middle-class trendies who have moved in with their restaurants and wine bars, antique shops and boutiques. He bewails the failure of the established work-

## Inner city dilemma

**PU Fight you for it**  
Behind the Struggle for Covent Garden

By Brian Anson

(Cape £8.95)

**Smithfield Past and Present**

By Alec Forshaw

(Heinemann, £7.50)

Planning disputes, with their protests and petitions, their interminable meetings and public inquiries, are things in which most of us are reluctant to become involved. How far, then, in our society who are prepared to oppose such monstrous schemes as that which the Greater London Council proposed for Covent Garden as an architect-planner with the team that produced the first dreadful scheme. His conscience compelled him to quarrel with his masters and subsequently to resign. He later quarrelled with almost everyone else, including his colleagues in the Covent Garden Community Association and even his beloved, exploited "Cockneys".

Like many Irishmen, he is emotional and combative, driven by his own admission to intemperate speeches and denunciations which he afterwards regretted and which evidently alienated his friends. A peculiar Irishness pervades the whole story, in the names—Driscoll, Toumey, Monaghan—which stalk the pages; in the comparison which he draws with "Free Derry"; in the personal vendettas and the confusion of ideals and actions.

Mr Anson sees the whole story in terms of a class struggle; if the word "class" were used, it would probably fill several columns.

But if, for some people, Covent Garden represents a failure of vision, what then of Smithfield, with its far longer history and profusion of historical associations? Through the narrow lanes and once festering alleys of this ancient "suburb" of the City roam the ghosts of Thomas a Becket and Thomas More, Chaucer and Bunyan,

Swift and Defoe, Garrick and Handel, Hogarth and Charles Lamb, Johnson and Boswell, Dickens and Thackeray, Marx and Engels, the scholars of Charthouse and the Knights of St John.

Mr Forshaw begins in a guidebook style, but warms to his task. Like Mr Anson, he is a professional planner, and his book is not entirely free of jargon, but he can be entertaining on the subject of pubs and scabbing about his fellow-planners' brutalities.

The rise of Smithfield and its surrounds from squalor and anarchy to a centre of metropolitan life, and its subsequent blight and decline, encapsulate what has become known as the inner city dilemma. Mr Forshaw does not think that the Greater London Council will attempt another Covent Garden, even if the market authority decided to move which, he says, would be a local tragedy.

But restoring life to the surrounding streets, with their derelict sites and empty buildings, presents a formidable task. The apparent determination of the City Corporation to bulldoze the area known as Little Britain to accommodate a new road scheme is not a happy omen.

Mr Bergstrom's mostly sombre photographs, interspersed with archive material, sometimes suffer from indifferently reproduction. But there are some nice shots, particularly one of an untouched corner of Cloth Fair in a shower of autumn leaves.

John Young

## Fiction

**Burnt Water**

By Carlos Fuentes

Translated by Margaret Sayers Feden

(Secker & Warburg, £5.50)

**Elizabeth Alone**

By William Trevor

(The Bodley Head, £6.95)

**We Always Treat Women Too Well**

By Raymond Queneau

(John Calder, £3.95)

Rising out of the Aztec city of Tenochtitlan, itself founded on the burnt water of a volcanic lagoon, the city of Mexico has grown from its viceregal Spanish beginnings into what Carlos Fuentes himself describes as "this great cancerous stain of a smog-ridden, traffic-saturated metropolis of 17 million people". A writer to resist a technical or thematic challenge, Mr Fuentes has sought to capture in 11 brilliant stories the fear, squalor, passing splendour, cruelty, violence and pavement tragedy of the place he predicts will become "the capital of underdevelopment".

Through the ostentatious elegance of Pedregal and the Zona Rosa, the decaying palaces turned tenements, the misery of the makeshift slums, these characters move steadily, resignedly, angrily, desperately, savagely to their own individual and entirely convincing destinies, reflecting as they do centuries of religious and political conflict, oppression and revenge, and the ethnic and superstitious folklore in a society where they suffer, prey, profit or merely exist.

The variety and versatility of the collection is impressive and the quality of the writing (and translation) consistently excellent. Perhaps the best story is "The Son of Andres Aparicio"—a tale of a boy's progress from a shabby town towards affluence and security of bitter provenance; but there is also the frightening violence of "The Manduca" and "The Cost of Living", the macabre chill of "Chac-Mool" and "The Doll Queen", the ghostly pathos of "In a Fleeting Garden", the grim moral satire of "Mother's Day", and the arduous comedy of "The Old Morality".

Each of the stories has something particular to commend it; and if they often throw into an irony that is sometimes cruel, there is, too, an insistent pulse of compassion for the sufferings of the weak in an unequal, unjust urban jungle polluted by smog and macho.

William Trevor, too, deals with the weak and those who exploit them; but his is a very different, by now familiar and easily recognizable world, in which distressed though not indigent gentlefolk struggle on the one hand with their own failures and frustrations, and on the other with meaner characters always ready to take advantage of their credulity, innocence, or insecurity. In this world the incomplete and their activities patiently catalogued, with a ruthless pity never made explicit and all but the vilest characters are given some touch of humanity.

In *Elizabeth Alone*, first published in 1973 and now reissued, four women meet in a small ward in a female hospital where three of them, including Elizabeth herself, are to have hysterectomies and the fourth is trying to have a baby after several miscarriages. Gradually they become aware of the preoccupations, hopes, worries and fleeing pleasures in each other's lives. Elizabeth is beset by a sense of guilt which is no less pernicious for being

vague after an unhappy childhood relationship with her father, a failed marriage, and a love affair that was maladroitness. She worries about her mother (the voluntary inmate of an old people's home), her adolescent drop-out daughter, her two younger children, and her old, hopeless childhood friend, Henry, whose own marriage has fallen apart and who now wants to marry her.

Sylvie, after a rough upbringing, has taken up with a charming, carefree, somewhat amoral Irishman, Declan, himself in the clutches of a money-lending vampire called Maloney. Lily, depressed and fretting about her expected child, broods about the roads her conspicuous mother-in-law will inevitably try to make into her happy marriage while she is away from home. And when her ineffectual husband strikes back at his mother, she has to face new troubles. Miss Samuels, disgraced from birth, has the satisfaction of the house she runs for "church people" like herself, left to her by Mr Ibbes, a saintly and religious man whom she adored. Yet a line she has read in one of his diaries says away at her peace of mind.

His ironies are perhaps not as savage as those of Carlos Fuentes. They are, nevertheless, remorseless in their own way. At the end of the novel, the things she has turned out quite well for two of the women. But there are question marks. . . . Most pertinently over the way in which Elizabeth will face her future life, eventually, alone.

The collection in *We Always Treat Women Too Well* are very different from William Trevor's Declan and Maloney. Larger than life in the marvellously comic tradition of so many of his Irish authors, it is astonishing that they should be the creations of Raymond Queneau—though this probably does less than justice to a polymathic writer of great and varied talent.

During the Easter Rising of 1916 in Dublin, one band of insurrectionists occupies a minor Post Office on Eden Quay. Led by one John Macormack, they all have names out of Joyce's *Ulysses*; though they seem to have opted for different professions. Their password is "Finnegans wake".

The assault is brief and very violent. Those who are not summarily shot are evicted; whereupon, with a "requisitioned" supply of Guinness and whiskey, the men set about defending the building. What they do not know is that a female postal clerk, Gertrude, who has come out to be an eponymously fortuitous pioneer of such garments, is locked in the lavatory she was using with such rapid success. Her subsequent discovery, the consequences for Gertrude, fiancée of a British naval officer, and the predicament of the insurgents after her arousal, as a British warship prepares to bombard the objective, determine the conflict of the rest of the novel.

Queneau originally published the book, alleging it to be a translation, under the pseudonym Sally Mara. The publishers say this was partly a joke and partly because (in 1947) the obscenity would have been objectionable to Queneau's usual readers. Judged by contemporary standards, the obscene content is pretty mild and the novel is remarkable rather for its hilarity, its gusto, and its sometimes surreal grasp of human absurdity. The over-formal location and accuracy of a certain class of Anglo-Irish prose is captured delightfully, interspersed with quick funny dialogue and effective description. It is hard to imagine how the novel reads in French: what is evident is that the translation by Barbara Wright is itself an achievement of the highest quality.

Stuart Evans







THE ARTS

# Opening up a wardrobe packed full of personalities

Lily Tomlin kept on the move. She fidgeted on the sofa—"It's far too slumpy"—sat on the hard arm for a while, then stood upright, breaking occasionally into toe-tapping exercises. All the time she kept up with the questions, rattling off facts and opinions about her self and her career. She is in London to publicize her film *Nine to Five*, which opens today.

*Nine to Five* is a comedy about the unglamorous and rarely credited work of women office workers. The idea was taken up by Jane Fonda who chose Lily Tomlin as Dolly Parton, the country singer, to join her. The film is ambitious, hoping to convince men and women of the merits of feminism through comedy. It is particularly pertinent to Lily Tomlin, who first became known here and in the United States as an office worker, the dotty switchboard operator in Roman and Martin's *Laugh-In*. She had been discovered in New York, doing character monologues in coffee houses at a time when musicians were the most usual incidental entertainment. It was her stock of instantly attractive characters which most appealed to the *Laugh-In* scriptwriters. They could write for Lily Tomlin's established wardrobe of personalities.

She shared her agent with Robert Altman who decided to use her in *Nashville* as the mother of deaf children who falls for a young singer. Altman's style of directing acting fitted her ability to invent characters. "*Nashville* was filmed chronologically and so we never quite knew what was going to happen. We made it up as we went along, day by day. We lived like one big family and were all interested to know what would happen in the story. I was really involved. I would say to Altman, 'I don't think she should go to bed with him, he's so shallow.'"

Her scenes with the deaf children are memorable. There is a school for these children at Knoxville. It was the summer vacation and these two were brought over for

audition and Altman just bought them. The little boy was far more oral. His mother had been more supportive and brought more out of him. I came to know a lot of his stories and, when shooting started, I would say, tell us about when you got your swimming certificate, and he was a natural actor. I studied sign language for three months, but I never really mastered it. I would memorize phrases."

*Nashville* was followed by a successful one-woman show on Broadway which led to her next two film projects. "I am sure it was Altman who cast me in Robert Benton's *The Late Show*. Robert had preferred Robert Mitchum as the private eye and Valerie Perrine in my part. Again, Sam Cohn is the agent for Altman, Benton and me. It was like doing an Altman movie. He didn't do much of a script. Being a writer, Benton was much more interested in structure."

Next came *Moment by Moment*, acting the older woman lover to John Travolta, then her property after *Saturday Night Fever* and *Grease*. "I knew John a little and we were aware that we resembled one another. He came to see me on Broadway and he loved my show so much he told Robert Stigwood that he wanted to do a movie with me. I had seen scenes from *Saturday Night Fever* and thought he was wonderful."

"I am 15 years older than Travolta. We became very friendly, as well as almost the same. I had one called Tess who is a shopping-bag woman, one of those people who live on the streets with all their possessions in shopping bags. He used to do a bag-man called Larry. When shooting we would be in bed together playing bag-people before a take."

"John and I were surprised by the failure of *Moment by Moment*. There was very harsh criticism in the States. There was a great deal of expectation. John had been in *Fever* and *Grease* which had both

made something like 150 million dollars. And I had had a lot of critical success in my career. We were on a press junket, giving interviews across the country, and we were very naive about it. It just came like an avalanche. It is upon you when you notice it is coming. We just thought the film was sweet."

Jane Fonda cast Lily Tomlin in *Nine to Five* after seeing her in a concert and the parts were written especially for the three of them. "Dolly, Jane and I became such good friends, we got so close. It was so much. I am very sympathetic to Jane's causes. I do not consider them to be radical. I don't think that the politics in *Nine to Five* are revolutionary. We show three women who get along amazingly well. That is worth saying in itself."

"All clerical workers do not even want to acknowledge they are secretaries. It is a demeaned position. They are embarrassed. They know that they are of value and they really feel that they make a contribution. It celebrates them. Just mentioning arguments like this in a movie, they become part of the consciousness."

"Getting the coffee isn't the issue. It is because getting the coffee is an activity identified with women and therefore second best. You can't quite be first-rate if you get the coffee. It is an awareness we are talking about and it takes a long time."

Lily Tomlin's next film also deals with women's issues. It is *The Shrinking Woman*, about a dedicated wife who starts reducing in size after trying out an untested new product for her husband. The gallant woman continues her usual chores, despite her height. "We did one scene with an enormous set like a kitchen surface. The sink is about 60-80 feet long, and I am inches tall, still struggling to fit the bacon. It is very funny, though sad, because all her instincts make her battle on and do her duty."

Nicholas Wapshott

Lily Tomlin in *Nine to Five*



## Arts agenda

London may not have the chance to see Peter Ustinov's *King Lear* in the immediate future, but instead it is being offered the latest product of his pen: a comedy entitled *Overheard*, which is his first new stage work since the early 1970s.

Rehearsals for the production started this week and the play has attracted back to the stage two stars who have not been seen in the West End for some years. Deborah Kerr, and Ian Carmichael was last in the West End in the short-lived production of *Out on a Limb* in 1976. *Overheard* is due to open at the Theatre Royal, Haymarket, in April, after *Virginia*, with Maggie Smith, ends its run.

One of the worst disasters to hit the art world in recent years came in 1978 when a fire at the Museum of Modern Art in Rio de Janeiro destroyed about

1,000 works, including paintings by Picasso, Klee, Brant and Magritte, as well as almost the complete works of the Uruguayan painter Joaquín Torres García. The museum is now back in action, and, with the help of an appeal to artists all over the world, its walls are being gradually restocked with pictures.

Britain, the Brazilian Embassy said, it was "marvelously surprised by the response to its appeal for works to be donated to the museum. Among the works by British artists which will shortly be sent to Brazil are collections of screenprints, a painting given by John Hoyland, a bronze sculpture loaned by the Henry Moore foundation and a set of 12 aquatints by Patrick Procter, donated by the Redfern Gallery."

Other countries from which

works have been donated include France, Spain, Ireland and Japan, but the Brazilians seem to have drawn a virtual blank from two of the countries which lead the world of modern art: from the USA and Germany there have been gifts of books and catalogues, but no paintings.

After his success with the English version of Schindler's *Uncovered Country* at the National Theatre, Tom Stoppard is now preparing another Austrian play for the National; this time it will be a farce by Johann Nestroy, *Einen Jux will er sich machen*. Stoppard says the National's director, Sir Peter Hall, came back from Vienna saying that they had to do the work, so the playwright is now translating it and preparing an English edition. *Einen Jux*, based originally on an English play, has been

fount of much theatrical success: it was adapted by Thornton Wilder into *The Matchmaker*, which was then turned into the musical *Hello, Dolly!* Stoppard says "that Wilder had made the story, about two shopworkers having their fling, into 'a rather more high-class comedy; Nestroy's play was much more of a romp—a sort of nineteenth-century *Morecambe and Wise*." And that is the way he is doing it, with lots of jokes.

Last week the cast of the musical *I and Albert*, including Polly James, Sven-Bertil Taube and Aubrey Woods, finished recording an LP of the show. Readers could be forgiven for not having heard of *I and Albert*; it actually opened in the West End more than eight years ago, and closed only 12 weeks later. But the fans of musicals have not forgotten.

No cast album of the show was recorded at the time and John Yapp, who owns the Covent Garden shop specialising in show music, *That's Entertainment*, says they keep receiving requests for a recording of *I and Albert*. So he decided to meet the demand by making a somewhat belated recording of the score, reassembling the original cast for the occasion. Even at £9.99 each, he expects to sell a limited edition of 2,500 copies within a couple of months.

"There are enough people worldwide to support a limited edition of any musical", he believes. He has just released an LP of *The Biography Girl*, and, although the show has already closed he has no doubts that the records will sell. Recording old shows is a new venture, but if *I and Albert* proves a success, then he has several more in mind.

The next is likely to be *Thomas and the King*, which was "a monumental failure" in the West End five years ago.

Elijah Moshinsky is expected to be the director of the 1984 Adelaide Festival. He follows Jim Sharran, who is in charge of the 1983 festival. Moshinsky had a considerable success last week in Paris when he adapted his Covent Garden production of *Peter Grimes* for the Opera. Next month at Covent Garden he directs the new staging of Verdi's *Macbeth*.

NOT TO BE MISSED: Julie Covington and Fulton Mackay take the leading roles in Cambridge Theatre Company's production of Shaw's *St Joan*, directed by Nancy Meckler, it opens on Tuesday at the Arts Theatre, Cambridge.

Martin Huckerby

## Book review

### Winchester

By Barbara Carpenter Turner

(Paul Cane Publications Ltd, 1980)

Anyone who supposes that inner city decay is peculiar to our times should take a look at late medieval Winchester. Here was a once-royal capital still enjoying royal favours, a powerful bishopric with a magnificent cathedral, gem-like churches within, without and even on its town walls, and a thriving cloth manufacture.

Then in the 14th century, with trade already hit by the expulsion of the Jews, there came the Black Death and the Hundred Years' War. The wool staple decayed, well-to-do inhabitants packed off. Fifteenth-century Winchester was insolvent, its streets falling down and churches in ruins.

How this impoverishment came about, and later misfortunes during the Reformation and Civil Wars, forms only part of Barbara Carpenter Turner's scholarly history. Surprisingly, this is the first full modern account of our one-time capital, and the author, a professional historian who has been twice Mayor of Winchester, is steeped in its archives. Every page demonstrates her skill in research, in a work well annotated, amply illustrated and attractively produced.

Filled with valuable information, indeed, though the overall effect is a bit on the dry side, not filled out into a living picture of what seems to have been a pretty turbulent history. The really colourful people and splendid occasions, like the great "building" bishop, William of Wykeham, or the marriage of Mary Tudor and Philip of Spain, hardly stand out from the minutiae.

Detailed maps would have clarified the city's appearance at different periods, and the break-down of the index into sections, first-rate in theory, in practice makes it quite hard to use. (It took me several goes to locate "Soké".)

Such fruit of prolonged research by so sound a scholar is still a matter for gratitude, making us want to pace the streets of Winchester with the new knowledge accorded us by this comprehensive work.

Mary Cosh

## Say Your Prayers

Riverside Studios

### Ned Chaillet

A croaking, singing frog is one of the leading characters in Nick Darke's play for the Joint Stock company. The apostle Paul is another. Paul and the frog share a pond in a prison yard with a few pagans and Paul's secretary. They take part in an admirable bit of storytelling, fantastically conceived and disarmingly played. In addition, Mr Darke throws two modern churchmen into contrast: an ineffectual English vicar bemoaning the decline of faith and a boisterous American evangelist linked to 50 million followers by television.

Mr Darke's dramaturgical skills are evident and the easy manner in which he links each thread in his play is encouraging. It is possible to imagine a major play from him on the basis of *Say Your Prayers*, but for all the intelligent comedy of the writing his play seems simultaneously over-ambitious and simplistic.

After the frog introduces a pair of coupling slaves to the audience, Paul introduced with ideological designs on the male slave, a promising orator he hopes to use in the service of Christ. Paul's epistles intrude, and there is a nice comic moment when he loses track of where each of his correspondents is located, while the American evangelist amplifies Paul's message into a political ideology. The lesson of Mr Darke's play is that the Christian message has been corrupted from the beginning.

John Stock, in his present incarnation under the direction of Richard Wilson, displays a real sympathy for the finer theatrical touches of the writing. With the musical direction of Andrew Dickson to guide them, the actors provide



Shona Morris (left), Judy Eltrington, Richard Howard

seductive gospel music while Paul converts the slave, Onesimus. The musical skills of the company are well integrated elsewhere in the ensemble acting and they give the production much of its entertainment value.

Perhaps Mr Darke's symbolism is simply too blatant for the main opposition to Philip Donaghy's Paul is an artist imprisoned for painting. Her vaguely feminist doctrine has roots in *The Golden Bough*, but her critique is ephemeral. Mr Darke is bold in his theatrical pictures, but frail in his arguments. Irving Wardle put his finger on it in another context when he said we were constant "suckers for the pastoral fallacy", and that is the play's great weakness.

Some of the reviews on this page are reprinted from yesterday's later editions.

## Nosferatu

Stratford East

### John Percival

When you have a company of only six dancers, to lose one through injury must be alarming. The ambitiously named English Dance Theatre, on a rare foray to London from their Darlington base, did not let that hamper their presentation of *Nosferatu* at Stratford. By last night, although valiant adaptations were apparent.

The character of Mina disappeared from the plot, but a vampire hunter was added to make up for that; not Dr van Helsing, who would presumably have needed to elaborate a costume. For good measure, the company even threw in, as

curtain-raiser, a treatment by Ross McKim of *The Rite of Spring* (well, half of it) for three dancers, in which Vivienne Rochester made a powerful impression as the chosen victim.

I am not sure how far the changes in the *Dracula* ballet may have altered the balance between the two acts, but from the choice of music it seems that there must always be a contrast between the mainly Strauss's *Organ* Concerto, which proves surprisingly apt, and the largely flippant second part, accompanied by extracts from *Peer Gynt* and *Carmine Burano*, with a snatch of Strauss's *Zarathustra* added for the new scenes.

Actually, the mixture, however disconcerting, proves rather entertaining. Ross

McKim is able to switch from self-disgust to courtly charm as the undead hero, and his menaces are as convincing as his comic moments. At the moment of death, you almost expect to see his clenched hand, raised in the spotlight, change into fleshless bones, just as in the movies.

It seemed odd to have his attendant spirits at one point enticing Jonathan with crosses, but Sue Little makes a notably pale and interesting Lucy, who becomes a lot less bloodless when *Nosferatu* starts to court her in a wittily impassioned duet. She and McKim are joint choreographers of the ballet, but I suspect that each took charge of certain scenes rather than trying to do everything between them. Their different temperaments seem to make a good match.

## LPO/Sanderling Festival Hall

### William Mann

We in Britain first learned to respect Kurt Sanderling from records of Russian music made during his years of conducting in Russia. He has long since returned to his native Germany, but his current period of work with the London Philharmonic Orchestra, he will give us a programme of Rachmaninov, but on Tuesday night he stayed with the German masters—or rather, Austrians, since the composers were Mozart and Bruckner.

The symphony was Bruckner's third, sometimes called the Wagner Symphony, because it is dedicated to him, and originally contained quotations from Wagner. Wisely, no doubt, Bruckner removed those last, at an early stage. It would be fascinating to hear that original version, or at least know what was quoted there; traces can still be heard of possible references to *The Ring* (I have counted three), but they are not now as significant as Bruckner's debts to Beethoven and Schubert, which were to remain fundamental to his symphonic language.

If Wagner's name had never been mentioned, Bruckner's third symphony would still command attention and action, but because so much of the seminal

Bruckner is to be heard in it for the first time, and so much that is perfectly typical of his musical imagination, even though it may have to trace an exact parallel elsewhere. A famous example is the second subject of the finale, an elegant dance-measure for strings directly confronted by a solemn chorale on the brass: its inspiration was, supposedly, a festive ball just across the street from which the corpse of a nobility was lying in state. The explanation is convincing.

This was one passage potentially realized in Sanderling's interpretation, not merely simultaneous light and shade, but lilting elegance tripping out from the sombre half-light and stillness of the hymnody. He realized the beginning of that finale vividly too, like a flight of caving rocks approaching from over treetops. The scherzo was scrupulously, and poetically, paced and balanced. Throughout he drew string playing of singular sweetness, though perfectly firm, from the LPO whose brass, however, could have profited from a firmer directorial hand.

It was a strong, attractive, properly classical reading, a fair match for the music of Mozart's F major piano concerto, K459, in which Jean-Bernard Pommier took on the solo part for the rarely deceased, and regretted, Hans Richter-Haaser—a young man's response, but sage as well as keen.

## BBC Singers/Poole

### Queen Elizabeth Hall

### Paul Griffiths

It is all too easy to confuse national character in music with the particular qualities of an outstanding composer's style; to assume, for instance, that there is something specifically Hungarian in Bartok's music that ought to be expressed too by his composers. The faleness of that notion was well demonstrated on Tuesday by the BBC Singers under John Poole in a programme that started with Bartok and continued with pieces by two later Hungarian composers, Ligeti's *Lux* and György Kurtág's *Omaggio a Luigi Nono*, neither of which sounded particularly Hungarian simply because neither of them is at all Bartok-like.

Ligeti, of course, has the sense of having been an exile for much of his life, but Kurtág, his close contemporary and fellow Transylvanian, stayed at home: he is, indeed, generally regarded as Hungary's foremost living composer. He also has an engagingly modest air. The new piece for unaccompanied chorus, here being performed for the first time, is only his sixteenth opus, and, like many of its predecessors, it is concise and unpretentious.

The homage to Nono is misleading. The text of the work is in Russian, beginning with a declension of the word "whose" and continuing with a sequence of poetic fragments which I take to make up a statement on the illusory nature of freedom. The music, similarly, has little to do with the Italian musician and much more with the faleness of that notion was well demonstrated on Tuesday by the BBC Singers under John Poole in a programme that started with Bartok and continued with pieces by two later Hungarian composers, Ligeti's *Lux* and György Kurtág's *Omaggio a Luigi Nono*, neither of which sounded particularly Hungarian simply because neither of them is at all Bartok-like.

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Ligeti, of course,











# How close are civil servants to a war?

Leaders of unions representing 500,000 civil servants meet today under chandeliers in the Law Society's offices to plan a further step toward a serious confrontation with the Government over its policy of pay restraint.

The battle lines were drawn up late last year when the Government decided that the system of pay research in the Civil Service was to be dropped in favour of cash limits as the determining factor for pay increases this year.

The cash limit will not be announced for some time but will come nowhere near matching the 15 to 20 per cent claim which the unions are expected to agree today. Mrs Margaret Thatcher told the Commons in November that money available for pay rises for government employees would be "broadly within the same financial disciplines" as the 6 per cent allowed for local government pay awards.

With such stark differences between the white collar civil servants and their employers, it looks increasingly likely that a pay battle, on which the wealthy unions are prepared to spend more than £3m, will begin next month.

Union leaders claim that with £3m pledged to finance any action, they will be able to handle a prolonged dispute even if it means paying out £300,000 a week to members

The unions feel that this year they have no choice but to challenge the Government in view of what they regard as a series of attacks on the Civil Service since the 1979 election. These include Mrs Thatcher's determination to reduce the service to 530,000 posts by April 1984 involving the loss of about 100,000 jobs.

Then there is the Prime Minister's distaste of the benefits retired civil servants and other public sector employees receive through index-linked pensions. The report of the inquiry into index-linking of pensions which the Government set up under Sir Bernard Scott, former head of Lucas Industries, is to be published today and is thought to suggest that employees' contributions should be increased.

Finally there was the decision to suspend the pay research under which civil servants' salaries are compared with those for similar jobs in the private sector. This work is done by the independent Pay Research Unit which provides reports that form the basis of negotiations between the unions and government.

The unions started planning their action several weeks ago. First is likely to be a national one-day strike early next month, followed by sustained "guerilla" action which will include

selective strikes and lightning walk outs.

The unions' aim is to hit government operations rather than the public.

Areas favoured for action include government computer centres which process revenues, such as the Customs and Excise and the PAYE computer, which would curtail government ability to collect revenues, with the inevitable effect on the Public Sector Borrowing Requirement.

Union leaders claim that with £3m already pledged to finance the action and the prospect of further funds from voluntary levies of members starting this week and next, they will be able to manage a prolonged dispute. They estimate that they will need some £300,000 a week to pay 85 per cent of the salaries of those members either on strike or suspended by their employers.

Suspensions are likely to be the Government's first line of defence and there is confidence in Whitehall that the Government will be able to ride out the storm. It is stressed that the unions cannot, and will not, be allowed to win, as concessions allow many other state employees to slip through the pay restraint net.

The Government's contingency plans for prolonged action include insisting on employees transferring to posts left by staff who have walked out, so long as the work falls within their grade. Refusal to budge would lead to suspension without pay.

There is also scepticism in government circles about the willingness of workers in key areas, such as computer centres, to be used as shock troops, although the unions counter that such groups have pledged to take action. In any case, the knowledge that they will receive virtually all their normal salary from the unions while on strike is likely to sweeten the pill.

While the union leaderships are hoping not to take action which would disrupt payments of social security and unemployment benefits, they are coming under increasing pressure from members in the departments of Health and Social Security and Employment for some kind of action.

This will be resolved by the end of the month when the unions will have to take a decision in principle on action which could cause hardship to the unemployed and poorer sections of the community. It could prove difficult to restrain militants in the DHSS computer centre at Newcastle, for instance.

Such is the grievance felt that moderate groups such as the First Division Association, which represents senior Whitehall grades, and the Inland Revenue Staff Federation are committed to the campaign of industrial action to re-establish pay comparability system.

The system is unlikely to be reactivated in its present form and the unions are pressing for modifications, including making the agreement binding on the Government. The Government has said that it does not want the Pay Research Unit to start collecting information for next year's negotiations.

Instead the Government wants the unit to update in the Autumn the reports drawn up for this year's pay round. The unions are reserving their position on this and hope to divorce the issue as far as is possible from this year's negotiations for which they have set a three week deadline.

With other challenges to its pay policy from workers in the public utilities and the prickly question of the negotiations covering 530,000 NHS ancillary workers still to be resolved, the Government cannot relish the prospect of a confrontation with civil servants. Thus, over the next few weeks the feverish activity in Whitehall on plans to combat the action will continue.

David Felton

The death of Samuel Barber prompts the asking of a question that has usually been altogether avoided on the ground that it can only give offence, and even when asked has been couched in terms so roundabout and obscure that it has been quite meaningless to the bystanders. Now, however, else they say about me, they rarely if ever claim that I am inflexibly averse to giving offence, so here goes, though perhaps I had better say before I begin that I do have an answer to the question, and it is one that, considered aright, robs it of offence even in my mouth.

The question is: why, in the two centuries of its existence, has the United States not produced a single composer of the first or second rank, and only one (Aaron Copland) of the third? No, I shall not permit a denial of the premise; consideration will be given only to candidates who accept the proposition and attempt to explain it. I am, however, willing to gloss it before the bell rings, and I can do so by rephrasing it thus: why has American music still not risen to the level of, say, Mendelssohn? (Candidates attempting to drag in composers who became naturalized Americans, or even who did no more than live there—Schoenberg, Bloch, Grieg, Stravinsky—will not only receive no marks but will be sent to bed without any supper.)

Sousa is fun, of course, and apart from Copland is about the only American composer whom music-lovers in the rest of the world have ever heard of, or need to have heard of, for that matter; there are those who have good words to say for Charles Ives and Carl Ruggles, though the number of good words generally tends to vary in inverse proportion with



Two of America's best known composers: Aaron Copland (left) and the march king John Philip Sousa.

the amount of the composers' work the speakers have actually listened to; Roy Harris, in my experience, is not altogether unbearable; but after these, who?

Barber himself, though I have no doubt he behaved perfectly towards his family, invariably paid his rent on time and never kicked a cat in his life, was a composer whose work exuded such stupefying tedium that it would have been better all round if a millstone had been banged about his neck, and he had been cast into the uttermost depths of the sea. And he was a considerable improvement on most of the rest. Come, would you have been better all round if you had been gobbling like a drug-crazed turkey since I started this willingly go to a concert consisting of, or even containing, the work of Walter Piston, Virgil Thomson, Elliott Carter? I doubt very much whether I do not believe, how about Paul Creston, Roger Sessions, Deems Taylor? And if you still unblushingly stand there and pretend the answer is yes, tell me whether you would be willing to stake your life on your chances of remaining awake to the end of a concert of the music of any or all of them?

Two hundred years is far too long a span to be represented musically by such inadequate standard-bearers, and if you claim that it isn't, that an artistic tradition needs even longer to strike root, grow and mature, the argument breaks down at once as soon as you try applying it to literature.

America has not yet produced a Shakespeare (nor has any other country, though), but she has produced Herman Melville, Henry James, Mark Twain, Eugene O'Neill, Ralph Waldo Emerson, Scott Fitzgerald and at least a couple of score more writers worthy to be compared with these, and there not a single composer (apart, as I say, from Copland) who can be considered their equals. Why ever not? Why has American music been dominated by a deadly academicism, why so many hundreds of thousands of bars without a spark of life in any of them?

The answer, I am sure, is not to be found in the curious habit that art has of popping up in one country in one form while emerging simultaneously in another country in a different form altogether. Why, for instance, did England produce playwrights while Holland was turning out painters, and not the other way round?—Why have the German-speaking lands given the world at least eight of the dozen greatest composers?—Why, considering the gigantic proportion of Jews among leading violinists and pianists, have there been only a tiny handful of Jewish opera singers of outstanding quality? I do not know the answer to any of these questions, but I do not believe that such inexplicable accidents for whatever reason as it may be (accidents) explain the American musical desert that stretches from the Declaration of Independence to the present day; apart from anything else, two centuries is quite long enough a period to have supported

several flowerings of musical genius if there were any seeds in the soil.

At this point, of course, when the audience has for half an hour been watching my left hand manipulating the yellow handkerchief, I am ready to draw attention to what my right hand, quite un-noticed, has been doing all this time. For the truth is that the United States has not only produced a succession of composers whose work has rightly established itself throughout the world, she has invented and developed her own wholly unique musical art form, which has never taken proper root in any other country. That list of terrible bores above consists of the American composers who have rowed against this giant river and who have therefore been doomed to perish, utterly in its waters, while those who caught the tide have sailed into immortality on it.

I am not technically equipped to discuss the origins of the modern American musical comedy or what it has drawn

from jazz, the Negro spiritual or the work of Stephen Foster and Victor Herbert. But it is not necessary to set it in its historical framework to recognize it for what, at its best, it is: a body of creative achievement that is indeed worthy to stand beside—precisely because it is not competing with—the body of European music, and not suffer from the comparison. He who will deny that Gershwin and Porter, Kern and Sondheim, Rodgers and Berlin, Loewe and Bernstein, are composers of the highest quality (and some of them also lyric poets of no little distinction) will make himself look foolish. The trick is to stop looking for the American successor to Beethoven and to start looking for American composers who are not the successors to anybody. And as soon as we look in that direction, we see the stage crowded with music.

Looked at, like that, the pattern of American music is no more (though no less) mysterious than the Italian pattern which ensured, whatever it thought it was doing, that Italy produced operas but not symphonies. There was no reason why Italy should not have produced a race of symphonists while she was also producing Verdi, Donizetti, Rossini, Puccini, but she didn't. There was no reason why America should not have given birth to an Elgar, a Vaughan Williams, a Britten, while she was nurturing that remarkable brood I have listed above, but she didn't. What she did send forth in that field doesn't bear thinking about, let alone listening to; possessing what we do of what she sent forth elsewhere, it is unnecessary for us to do either.

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## Ronald Butt on the impact of the social democrats

# A menace or a blessing for Mrs Thatcher?

Should Mrs Thatcher be worried by Dr Owen and Mr William Rodgers? There is a thesis that she should be, and even inside the Cabinet there are some who are apprehensive that an embryonic social democratic party will do her considerable harm if Mrs Thatcher persists in refusing to generate some economic expansion to counteract the steady rise in unemployment.

Such misgivings will no doubt have been heightened by the MORI poll findings in the Sunday Times last weekend that both Mr William Rodgers and Mr Ian Wrigglesworth would be in danger of losing their north-eastern constituencies if they stood as social democrats in an election held now. For the MORI poll found that much of the support that the social democrats would receive would be taken not from the Labour Party but from people who had voted Conservative in 1979 and are now thoroughly disenchanted with the Government.

Now there is no argument that an effective social democratic party would be a menace to the Tories. It is the vices of the Labour Party that have kept the Conservatives in such flourishing business these many years. The sort of radical change which the founding fathers of socialism committed the Labour Party to is deeply unpopular. So is the instinct, from which a large part of Labour can never quite escape, that it can properly have an understanding relationship with Marxist-Communism, that the last analysis there are, as it used to be said in popular front times, no enemies on the left.

Because the formal creed of socialism is unconvincing and unpalatable to most people the Labour Party in practice has hitherto had to modify it. That is also why other socialist parties abroad have become social democratic, and why in 1959 the Gaitskillies tried and failed to emulate them by ditching the Clause IV commitment to wholesale public ownership and fundamentalist socialism. Successive postwar Labour politicians have opted for a mixed economy and firm support for the Western alliance. Yet, to the great advantage of the Tories, Labour has never managed to make the clean break to social democracy, and has remained like a man trying to ride two horses at once.

Now, for reasons too familiar

to need repetition, the left has achieved an ascendancy. In the Labour Party it has never previously enjoyed, and the language of the social democrats are on the brink of breaking away. Today, their first national advertisement for supporters for the new Council of Social Democrats appears in the Guardian. How apprehensive should the Tories be at the prospect of being faced by opponents without the handicap of the leftism that has alienated much support from the Labour Party and who may capture Conservative votes?

In the long run, an effective social democratic party would be a blessing for Mrs Thatcher. It is obvious that she is not a danger but I do not think Mrs Thatcher has much cause yet to worry about its impact. So far as the poll findings in Mr Rodgers and Mr Wrigglesworth's constituencies are concerned, I doubt very much whether the Tories would be characterised of the country as a whole in a real election, now or later. It is only natural that some Tories in safe Labour seats (as these are) should plump for the social democrats in order to build them in against the Labour Party, to provide a less distasteful voting option, and in the process to shake the Government out of its present attitude to economic expansion. After all, Tories lose jobs too.

Even in a different sort of constituency, "voters" might be tempted to express their annoyance with Mrs Thatcher in their answers to pollsters, when there is nothing to lose. But it is hardly conceivable that disaffected Tories would vote for the social democrats in any number in marginal seats if they could see that the result was simply to let in a much more socialist Labour candidate. That is why I doubt very much whether the existence of a new social democratic group can do anything in the early stages except help Mrs Thatcher by splitting the left-wing vote.

Once the social democratic party were established it would be difficult, so the key question is what are the chances of that happening? There can be no clear answer, but there are pointers towards an answer. The real need on the left is for a popular party, and I do not see that emerging clearly from the public attitudes of the present Council of Social Democrats. Rightly, they are much admired for their resistance to extremism, but from the point of view of many ordinary citizens, their own policy attitudes have a distinctly this look about them—and I am not referring to Mr Roy Jenkins's clarinet (why is it never burgundy?) which I do not think worries most people.

Dr Owen, in his recent book, does have one popular theme—industrial democracy. But for the most part, the social democrats show little understanding of the need of the party on the left to respond to popular feeling. The imperious instincts of the social engineer are strong in them, whether it is in measures to destroy private education and medicine by means just short of compulsion; the contrast between their persistent indifference to public anxieties about immigration, attempting to meet in its Nationality Bill, and their preference for supporting bodies such as the race relations commission; their attitude to penal questions or, of course, the Common Market.

There is also some confirmation of the elitism of the social democrats in their present tactics for launching a new party. In their advertisement for recruits today, they present a list of the "great and the good" who support them, as a bait for others. The party so born is to be created by themselves and in their own image, so to speak. They are not at all anxious to draw on the grass-

roots organization which already exists in the Social Democratic Alliance, and of which I wrote last week.

Indeed, far from being pleased by Lord George-Brown's sally into the lists at the head of the SDA, by the existence of the SDA's grass roots and regional organization to which they could graft themselves, the council of social democrats have even been bringing a little pressure on the SDA to wind itself up.

It almost seems that top people in social democrats do not really care for grassroots at all. Their problem is that if they really do wish to create a party in their own image from scratch, it is not at all clear that the ingredients for such a party exist in the country at large, though the country rightly admires them for their stand against the subordination of parliament to the left-dominated Labour Party.

Whether or not they succeed in getting off the ground, the warnings they have given to the Labour Party in the interests of parliamentary liberty is a great public service. But their chances of building up a new party must depend on having a popular base. I do not wish to overstate the importance of the SDA. It is a pressure group just trying to give birth to new political party and no more. But we always tend to under-estimate pressure groups until we wake up one day and find that they have changed the climate around us.

Nor do I wish to dispute the suspicion of many parliamentarians that social democrats are in the leadership of the SDA have ceased to be social democratic in any sense that they understand, and are more concerned simply to wreck the Labour Party. Nevertheless, the "grassroots" of the SDA represent something vital in the Labour tradition and it will be to the advantage for the Council of Social Democrats if they show themselves unwilling to respond to public opinion, but only anxious to tell people, from the best possible motives, what to think. If this is to be the basic approach to building a new party, and if at this early stage the various brands of social democrats are at odds with each other, I do not think that the Tories have much to fear from them—provided Mrs Thatcher does not forget that the Tories have to respond to public opinion too.

## If you're Chinese, happy new year

The lanterns are hanging in Waford, Essex. Soho, every home, shop and office has been given a good spring clean and all self-respecting Chinese have bought peach blossoms. Today it is the Chinese New Year, beginning the year of the cockerel, and last night those who weren't serving up the lemon chicken, boiling the bean sprouts or carving the vegetable platters—pleasure rarely comes before business in a Chinese restaurant—were sitting around the fire at home, whiling away the last hours of the year of the monkey.

Those of us who do not work according to the lunar calendar are always a little mystified by the Chinese celebrations. Barely has the temporary brain death of our own Hogmanay worn off when the Chinese revive the idea. But the Hong Kongers playing hokey-hokey under a sheet, the masks, the firecrackers, the lanterns and all the other dressing up and making merry which will be seen on the streets of Soho on Sunday are only the public manifestations of a private and mostly domestic procession of rituals.

Each day has its special duties, events and food, as set down during the Sung dynasty which lasted three centuries until 1279 AD. Last night, for instance, the Chinese would eat bowls of peanuts, melon seeds and preserved fruits which symbolize "good luck for the future, longevity and happiness. And they would normally eat chin duy, a mix of peanut, sesame seeds, popcorn and molasses shaped into a ball and fried.

Today is a day for the family and close friends. Everyone will dress in new clothes, to cast off the memory of the old year, and between overeating and overdrinking there will be gambling. Red packets of money will be given from parents to children and from married couples to their unmarried friends.

Tomorrow is Kaimen, the proper beginning of the year, when friends are invited to lunch. It is also the traditional time for employers to give their workers the bonus without too much embarrassment. A



New year, Soho style.

boss can either give the immovably redundant a piece of chicken or praise him for his good service over the year: both are euphemisms for the sack.

The third day of the new year is best spent indoors alone. If you meet people on this day you will squabble with them for the rest of the year. The fourth day celebrates the kitchen god who is meant to return from heaven on that day having reported on moral behaviour of the previous year. The next celebrates the god of wealth and the earlier you get out of bed, the more you can expect. And so it goes on until the 15th day, February 12.

Soho is now the centre of the Chinese community because of the business and employment concentrated in the area. Of the 100,000 Chinese British, 80,000 live in London, yet there is no Chinatown in London any more. That used to be around the docks, in Limehouse, before creeping gentrification made it more suitable for the founding of new political parties. The Chinese have now merged themselves into the fabric of British life—no more secret sects, no more ominous decisions to the detriment of putting their big new year parade off until Sunday to prevent disruption at work.

Nicholas Wapshott

## LONDON DIARY

### Collins wins the life of Jim

I am able to end weeks of speculation by reporting that James Callaghan (you remember him, don't you, from the dim and distant days. Before Wembley?) is to write his memoirs after all. The book, as yet untitled, will appear next year and will be serialized simultaneously in *The Sunday Times*.

Competition among publishers to secure Callaghan's signature on a contract was intense, but there was never any real doubt that the winner would be Collins, who produced his only other major literary work, *A House Divided*. Callaghan's analysis of the Northern Irish situation, which appeared in 1973.

The author is currently visiting Australia until February 16, but I gather he has already started work on the project. As researcher and adviser he has enlisted the help of Bernard Donoghue, who was his senior policy adviser at Downing Street

and is now at *The Economist* Intelligence Unit.

"It will be a contemplative look at his whole career, more like Butler's memoirs than Wilson's chronological account of his term of office", Donoghue told me yesterday. "But it will also look forward." Callaghan has plenty of material to draw on, starting with his job as a trade union official in the Inland Revenue in the 1930s and proceeding through war service to a 35-year parliamentary career embracing more high offices probably than any other politician this century—Prime Minister, Chancellor of the Exchequer, Home Secretary and Foreign Secretary.

Richard Ollard of Collins, who will act as editor of the book, told me that it would be "an emphatically personal memoir". Helping no doubt by the fact that Callaghan and Ollard first met as naval ratings in 1943.

### Irish stew

Poor old Ireland is under attack from the superpowers. Last week the private thoughts of Robin Berrington, a diplomat

at the American Embassy in Dublin, were unfortunately leaked to the press. He described the country as "pretty small potatoes compared with the rest of Europe" and said its climate and food were well matched.

The poor man has since been recalled to Washington, but at least he said the Irish were "warm, lively human beings" compared with the "insufferable" English.

Now *The Irish Times*, which landed Berrington up to his neck in a peat bog by publishing his thoughts, is quoting chunks from a book on the country by a former *Tass* correspondent in Dublin, Yuri Ustinov. He too found the people lively, spontaneous and devoid of the "ostentatious indifference which the English often displayed."

But he was not at all enamoured of the poor service in shops, Irish newspapers, attitudes to religion, the conversational habits of the people, and the climate. Snowfalls, he said, were considered natural disasters, like earthquakes, which brought the country to a halt.

But he was especially savage

about the mushrooms. Russians are absolutely potty about mushrooms, but those he found on Irish plates were soaked and tormented out of all recognition. Food, he concluded, was for the Irish not a pleasure but a severe necessity.

You might reasonably expect the man to be huffy about such unflattering observations, but one reader's letter to *The Irish Times* has applauded Berrington's perception and suggested he be made American Ambassador.

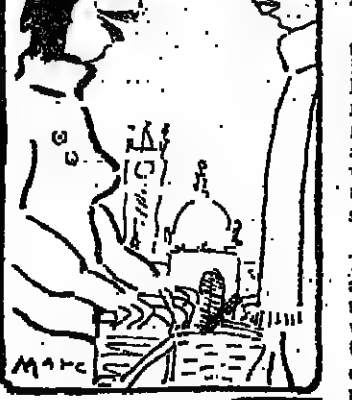
### Out of office

Inventing a new political party has its pitfalls. Dr David Owen, MP, who is rapidly emerging as the most aggressive promoter of the Council for Social Democracy—the embryo stage of the new baby—has found few friends in the overheated Norman Shaw Building, the former Scotland Yard that now serves as Commons overspill accommodation a short distance along the Embankment.

Proof of the appeal of a new centre party has been the huge volume of mail, often amounting to a thousand letters a day in Dr Owen's case, arriving

from potential supporters. Owen was being crowded out of his office, so he asked if he could have some extra space in the Shaw Building.

First, he was allotted room in the research centre on the top



floor of the building. Alas, his secretaries had hardly got to work with the letter openers there when complaints began to arrive from some of his erstwhile Labour colleagues not noted for their enthusiasm towards his breakaway project. They said he was interfering with the work of their research assistants, and the intruders must be removed.

Next, the authorities offered the secretaries' rest room, which is not much used. No sooner had Owen's handmaidens moved in there with their mail mountain, than the secretary of an unnamed MP felt poorly and wanted to lie down. Her condition was not alleviated by the surrounding bustle.

Another protest followed. The four extra secretaries, who are now a day behind in tackling the mail mountain, were moved back again to Dr Owen's office, where the pile of letters awaiting reply currently fills every nook and cranny. Efforts are now being made to find an office in another building.

The whole episode must be causing some very amusing to some few MPs, among them Enoch Powell, who managed to

conduct their parliamentary business with no desk, no telephone, no House of Commons secretary, and a mere cupboard in which to keep their papers.

Signs of the times. A Manpower Services Commission job-finding computer installed at 15 London Jobcentres has been declared redundant, at a saving of £3m a year. There are not enough jobs available to make it economical.

### Standing order

Residents of Berkshire are eagerly awaiting the first meeting of their county council in its upland new Shire Hall at Sheenfield Park.

Reading. The new hall, to serve a county with a population of less than 700,000, is believed to have cost substantially more than the £25m paid for European Parliament's headquarters in Strasbourg, though the actual amount has yet to be divulged. Unfortunately the architects designed the council chamber within to accommodate 76 members. Berkshire county council has 87.

It is, apparently, the fault of

the Boundary Commission. They had proposed that the number of Berkshire's councillors should be reduced, but the matter is still undecided.

The county's administrators insist that everyone will find a seat when the council meets at the end of this month. It is the ninth mistake has occasioned in the local press, they insist, that is out of place. True, only 76 seats were provided for members, but there are 112 in the council chamber all told. Twenty are needed for chief officers and there are six beneath the desks for clerks. But normally there are more than three clerks in attendance, so there should be two seats spare.

Other papers owned by Mr Rupert Murdoch are clearly trying to emulate the class of the one which may become his next acquisition. A *Tasmanian* reader wrote in the letters column of last Tuesday's edition of the *Australian*: "I have driven my first Murdoch takeover the season so early in the year. Is this a record?"

Alan Hamilton





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## THE ENHANCED RADIATION BOMB

The new American Administration has given notice that it will probably reverse President Carter's decision not to produce and deploy the so-called neutron bomb. Its final judgment will be influenced by the views of NATO allies, including Britain but more particularly West Germany on whose territory enhanced radiation weapons would be stationed. Three years ago President Carter won their approval, then pulled the rug from under them by deciding not to go ahead with it anyway—in the hope that the Russians might make some comparable concession on arms control. Will President Reagan be equally successful in his consultations with the allies? The answer is that he probably will. The one certainty however is that the controversy over this unpleasant concept is about to be re-awakened.

To say that the neutron bomb kills people while leaving buildings intact, is a gross over-simplification. Enhanced radiation shells and warheads are essentially battlefield nuclear weapons, working on the principle of nuclear fission rather than fusion, which release proportionately more of their energy in the form of radiation as opposed to blast and heat. If adopted they would complement or replace existing fission warheads on the Lance missile or would be used as artillery shells.

One advantage is that they cause less collateral damage to the surrounding area. Military proponents, who include General Bernard Rogers, NATO's Supreme Allied Commander in Europe (SACEUR) also argue, however, that they would be more effective in stemming an armoured invasion because the neutrons they release can penetrate the thickest armour, killing or incapacitating the crews. Existing battlefield nuclear weapons would also rely upon radiation to stop the more distant tanks, but to be as effective as neutron warheads, would need to be ten times more powerful. As the Warsaw Pact tanks outnumber those of NATO in Central Europe by about three-to-one, a weapon which promises to "destroy" an armoured column without

obliterating large tracts of West Germany in the process, has an obvious theoretical attraction. Opposition to such weapons has been partly rational and partly instinctive, but in neither case should it be lightly dismissed. People who are bewildered by the political and military complexities of defence, find it hard to understand the need for yet another weapon of destruction. There is also an understandable revulsion against irradiating thousands of soldiers—a revulsion which is not dissimilar to that which has prompted such hostile reaction to the use of lethal gas. This reaction may be irrational, but it would be a sad world if men thought otherwise.

There is also a very real fear that the introduction of enhanced radiation weapons could lower the nuclear threshold. If the effects of a nuclear weapon could be so contained, would not the military be much more tempted to use it in a crisis, thereby triggering a nuclear exchange which could lead ultimately to global war with intercontinental ballistic missiles? The counter argument to this is that the more credible the nuclear weapon deployed, then the more likely they are to deter a would-be aggressor. But it is important to remember that neutron warheads are essentially nuclear weapons—an "improvement" on the existing ones may be, but still capable of wholesale slaughter, and awful consequences.

What would be the consequences of an affirmative decision by the United States? One would probably be that the Soviet Union would follow suit. The principle of the enhanced radiation weapon is well enough known and the Russians as well as the British, the French and the Chinese would have the capacity to develop it. The United States have overcome the engineering difficulties which are certainly formidable. But there is no reason to think that the other nuclear powers would be defeated by them; given enough time and energy, it has been argued that the Soviets would have no need of such

weapons, given their superiority in armour. It is unlikely, however, that they would resist the temptation to follow the American initiative and perhaps outpace it. There would also no doubt be renewed effort to devise a form of protection for the new generation of tanks—again difficult but probably not insuperable.

What effect would it have on arms control? Would it encourage the Russians to be more forthcoming at, say, the talks on Mutual and Balanced Force Reductions (MBFR) in Central Europe?—or perhaps to make parallel concessions in other areas? The answer is—probably not. The Russians would certainly make a great deal of propaganda out of the decision by Washington, but would not feel compelled to forfeit their conventional superiority for what they would recognize as a qualitative improvement in NATO's armoury—as opposed to a quantum jump.

All these arguments, military, political and social still need to be carefully assessed by Western capitals before they deliver their views to Washington. (Mrs Thatcher might be expected to make her own views known when she visits President Reagan later this month.) The military balance has continued to deteriorate since President Carter's 1978 decision to leave a decision on the neutron bomb in abeyance. On the other hand popular opposition to nuclear weapons has also grown in Western democracies, in Britain, West Germany and the United States. An American decision which seemed to risk damaging still further the process of détente, would evoke strident protest which could be directed against conventional as well as nuclear forces. And to keep our conventional forces strong must remain a priority.

Is the neutron bomb worth all this? It would be premature to argue that it is not. But the arguments are not all on one side, and NATO as well as the United States alone will need to think them through very carefully rather than make a precipitate decision.

## FOR FEAR OF THEIR JOBS

The water workers rejected 7.9 per cent so emphatically a few weeks ago that there must be a strong possibility that they will reject 10 per cent now. Their leaders have not recommended rejection, but they hardly need to. Many workers in the industry have in view the 13 per cent won by the miners, and see no reason why they should be content with anything less. If there is industrial action—and there would be considerable support for making a stoppage national rather than selective, with a view to getting quick results—it is not at all clear that contingency plans for keeping services going could succeed for long. The campaign is a straightforward bid for an increase well above the average, on no better ground than the knowledge of the group concerned that they are in a good position to apply pressure. Other workers who have had to settle for less will not be likely to look on favourably. A strike would not deserve to succeed.

The news is a reminder that the winter is not over yet, although it has been so quiet. The Civil Service unions are also likely to take action at some stage in support of a claim which will probably be at least 15 per cent. They are still smarting from the Government's repudiation of the former pay research system, which would (in a year of rapidly falling price and wage inflation) have won them an increase much greater than the current going rate in the private sector. A wide

variety of kinds of action are open to them, some of which could be acutely inconvenient to Government without arousing the public antagonism that interference with payment of benefits might create. Pay talks in the gas industry are hovering on the verge of 10 per cent, and the power workers, whose negotiations begin in earnest today, will scarcely be satisfied with less.

But these are exceptional cases. The Government's objective of keeping public sector increases broadly in the 6 per cent range is attainable. Local authority manual workers, one of the largest and earliest groups to have accepted 7.5 per cent, National Health Service ancillary staff have rejected 6 per cent, but do not have much prospect of pushing the rate very much higher. This year, for once, most public sector workers are negotiating without any illusions that their jobs are secure, or that they are exempt from the insecurities that threaten employment in private industry.

Single figure settlements are the rule in the private sector. Workers at British Leyland have accepted 6.8 per cent. The threat of redundancy has a deeply affecting effect on all but a few kinds of employment. Last year's statistics of industrial disputes show the extent of the change: the number of strikes was smaller than in any year since 1941, the number of days lost was less than half the number lost in 1979—and three

quarters of the 1980 days lost were attributable to one dispute, the steel strike.

The steelworkers now are more preoccupied with saving jobs than with pay. So are the railwaymen and the miners who settled for a figure relatively high but well below the then annual rate of inflation. The recession has caused the market for coal to contract to a point where the threat of widespread pit closures becomes imminent. British Rail intend to link their pay-negotiations closely to the issue of maintaining services. Industrial action against redundancies, threatened by these three groups, might be more extensive than action directly over pay—Civil Service action, too, would at least in part be a show of strength aimed at plans for staff cuts. But the strike weapon is not easily made effective in this context.

It should not be supposed that the general decline in readiness to strike implies universal acceptance of the principle that large wage increases hasten inflation. The change has been brought about by the more immediate perception that large increases threaten jobs (though the continuing strike by seamen shows that some grounds are ready even now to jeopardize their own employment for the sake of a short-term financial gain). Whether or not the drop in wage inflation justifies the human cost of an unemployment rate of 2.4 million, new pressures for higher pay must be expected automatically as soon as employment shows signs of recovery.

## Exerting economic pressure on Russia

From Mr Adam Ferguson, MEP for Strathclyde West (Conservative)

Sir, I hope that the intimate connexion has not been missed between Richard Dobson's letter published yesterday (January 30), and Air Vice-Marshal Downey's published on January 16.

Sir Richard asks why Western (specifically British) businessmen are back on the Moscow road looking for trade, although the Russians are still in Afghanistan and their worldwide political and military posture has by no means been visibly modified.

Air Vice-Marshal Downey deplores the impoverishment of Western defences in contrast to Soviet; and observes that "the great fertility of late twentieth-century technology" means the constant updating of the entire order of battle, profoundly altering the economics of defence. Fearing that economic pressures in the West will force a relapse into relative defencelessness, he suggests that greater European political unity might at least prolong the life of "deterrence".

Greater political unity, combined with European-American cooperation of the kind the Prime Minister has just called for, could in fact do a great deal more. For what is it that permits the Soviet Union, with a military establishment at home and in East Europe far beyond the needs of defence, worldwide naval and air forces, and a vast military and political subversion reaching through the Third World, and a huge army engaged in Afghanistan, to lay such enormous economic and physical burdens on her own people?

The Polish crisis indicates that there are limits, perhaps not far distant, to how far the people of the Soviet block will allow them to be pushed to support the Kremlin's grand strategy. If it is so—as I, for one, do not doubt—that the combination of "détente", easy credits, access to Western advanced technology, and the availability of food, fodder and machinery to make up the recurrent shortfalls in Soviet production have

permitted the present dangerous imbalance between Soviet military and non-military expenditure, there is an obvious remedy in our hands. Of course, it only materializes when, by acting as one in the Community, and in conjunction with the United States, we bring the economic card into play.

Our objective should be the simple one of obliging the Soviet Union to order its affairs that it adequately caters for the peaceful, domestic, human needs of the people of the Soviet empire who prefer butter to guns. That is not a call for trade embargoes or cultural boycotts or the like. Rather, it is a call for a consciously directed and far more refined and general control over trade, credit policy and technological exports; and its purpose would be to eliminate the dangerous advantages the Soviet block has gained in the past decade from the soft policies mistakenly encouraged by the West. (What technological innovations have accrued to us from them? Where are the beneficial terms for our purchases from the East? Whose industries, and whose financial system would better bear the strain of sudden, fickle severance of commercial relations?)

It is a method of proceeding that might appeal, too, to the lobbies at present engaged in disparaging the policy of deterrence and demanding that defence expenditure be reduced. The idea is, indeed, to force such a reduction—on the Soviet side; and it could even lead to what, for want of a better word, might be called détente.

The alternative to much closer European cooperation, and so to the development of a positive economic policy towards the Soviet block to complement a weakening military position, is awesome. By the time we are into the coming era of high energy laser weapons, the defence hyper-inflation postulated by Air Vice-Marshal Downey will otherwise be out of hand.

I am, Sir, your obedient servant, ADAM FERGUSON, 9 Addison Crescent, W14, January 31.

## Time for decision

From Mr P. J. V. Tukey

Sir, For those of us who long for a coalition of the centre, Professor Meade's letter (February 3) makes interesting reading. Proportionate representation is vital because it is only when we have PR and, let us be quite clear, only when we have PR by the single transferable vote that the people of this country will be truly enfranchised.

But to go the country on such a narrow platform as Professor Meade suggests would hardly command the respect of the electorate. No, what social democrats, Liberals and indeed disaffected Conservatives should be standing on is a platform of national unity. There is clear evidence of popular demand for such a move and there should be no doubt about the need. It should be possible for all concerned to agree on a manifesto on which to seek election for a fixed-term parliament, say four years.

In spite of their reluctance to join the Liberal Party, all the utterances of Shirley Williams, David Owen, et al, suggest many more points of agreement than of difference with the Liberals. Fundamental issues. Certainly any differences are less than those which they have been accustomed to within the Labour Party.

Let them, the Liberals and similarly minded Conservatives, answer David Steel's remarkable appeal of last week and agree to stand in constituencies on the basis of a review on the lines advocated by Professor Meade (paragraph 2).

We have indications that for the first time for over 40 years we have the possibility of forming a political alliance served by politicians who for once put country before party. For heaven's sake, will they stop dithering and match their words with action. Yours faithfully, PETER TUKEY, Chairman, David Steel's Liberal Association, Mill House, South Harting, Petersfield, Hampshire, February 3.

## D'Oyly Carte difficulties

From Sir Harold Wilson, FRS, MP for Houghton (Labour)

Sir, Lord Elwyn-Jones's letter (January 23) made it clear that the D'Oyly Carte Opera Company, like many other theatrical organisations, is in deep financial trouble, but the case of D'Oyly Carte is somewhat different. I must declare an interest as one of the trustees of the D'Oyly Carte Opera Trust, which is the governing body of the Company's operations.

It has been the policy of the Arts Council to support the provincial theatre and to take London-based productions out into the provinces to give a much wider public the chance of seeing them. No producing unit has been more dedicated to this principle than D'Oyly Carte; and D'Oyly Carte, if it is allowed to survive, will in a few years be celebrating its 50th anniversary of the introduction of this practice.

In a number of recent years the period spent in the provinces has exceeded that spent in London, though time—and money—have to be provided at intervals for the tours demanded by the American public.

The Arts Council, we understand, has a budget of some £80 million a year, and a figure of 0.4 per cent would solve the problem I have described. I am not overstating the position when I say that if help is not forthcoming there is little doubt

are daily and publicly threatening to abandon Labour for a new or another party.

Socialists have "endured" their stationary exodus for long enough. The social democrats have a plain duty in honour to cease their dithering and hinging and carrying. They should say now whether they are leaving or remaining with Labour. To continue their present course of loudly neither going nor staying is, frankly, shameful.

Yours faithfully, JACQUELINE ADAMS, 55 St John's Walk, St Ives, Cornwall, January 28.

## From Mr Christopher Mayhew

Sir, What was the right time for social democrats to leave the Labour Party? Mr Gray (February 3) is surely going to extremes in claiming that Sir Barclay Shawcross was too late when he left the party 30 years ago. But he and other correspondents are surely right when they criticize the gang of eleven for having clung on so long.

I myself left in 1974—a gang of one—and I think that this was five years too late. While Hugh Gaiskill lived, there was always hope, and for some years after that there was still a chance of staging a successful show-down with the left. In my view the turning point came in 1968-69, with the failure of the moderates' last serious attempt, supported by over 100 ministers and backbenchers, to change the leadership.

This was the moderates' final fling and when it failed, nothing could prevent the left, with the acquiescence of Harold Wilson and James Callaghan, from taking the party over. That was the time for social democrats to break away and align themselves with the Liberals to fight for electoral reform against the extremes of right and left.

I note that Mr Roy Hattersley, who played an active part in the 1968-69 affair, is now declaring himself determined to stay in the party and reform it from within. But I remember him making precisely the same declaration 12 years ago. If he failed then, when the moderates were still comparatively strong, what chance has he now, when the left has increased its influence in the unions and has won control of the National Executive Committee, the constituencies and the party conference? Yours, etc, CHRISTOPHER MAYHEW, 28 Wood Road, Wimbledon, SW20, February 3.

## To phrase a coin

From Mr G. Reuleaux Wuidart

Sir, May I refer you to the leaflet produced by the Decimal Currency Board in the 1960s, where the 50p piece is correctly described as a "Reuleaux polygon". The seven-sided device used for the 50p coin is one of a family of equilateral curve polygons first described by Professor Dr Franz Reuleaux (1829-1905) in Berlin.

The equilateral curve polygon occurs frequently in mechanical engineering when objects thought to be circular in cross-section are measured accurately and found to have a radius which is not constant. Conventional two-point measuring techniques (and vending machine coin mechanisms) cannot differentiate the changes of radius and therefore accept the polygon as a true circle.

Yours faithfully, G. REULEAUX WUIDART, 125 Bedford Road, Clifton, Sheffield, S6 4PU, Bedfordshire.

## Special teaching for special gifts

From Professor Roy Wild

Sir, We provide highly selective and intensive education for very gifted musicians and baller dancers—virtually from the cradle to the stage. Other countries go further: gymnasts, sportspeople, mathematicians, receive specialized education.

Do we do enough to identify and develop those with outstanding potential in those areas essential to our economic wellbeing—inventors, entrepreneurs, engineers, managers? Further, doesn't our hierarchical educational system actually obstruct the development of such people? For example, do our primary schools develop interests in artefacts? Do secondary schools develop creativity and interest in business? Do undergraduate courses adequately prepare for industry? Are postgraduate courses sufficiently related to career needs? Are business schools, rather, remote?

Might we benefit, in the long term, from a bold experiment in special, selective education for potentially outstanding wealth creators? A vertically integrated, single-site, educational establishment for appropriate five to 25-year-olds, with appropriate arrangements for transfer in and out, might provide adequate overlap and synergy (or indeed eliminate the differences).

## Sense and censorship

From Mr Tim Sainsbury, MP for Hove (Conservative)

Sir, Bernard Levin (February 3) argues against freedom of choice. It is hard to believe, but regrettably, that is what he does in his article "Censors and sensibility". The very title of the piece is misleading as I have repeatedly emphasized that the Indecent Displays (Control) Bill is not about censorship but is aimed at eliminating material of indecent nature and giving back to people the right to choose whether or not to look at pornography.

If we leave aside the irrelevant arguments about censorship, Mr Levin objects to the Bill on two grounds: first that it includes no definition of indecent. I would reply that it is surely not unreasonable to rely on the judgment of magistrates and juries, who can take into account the circumstances of a particular case, rather than seek a definition that is likely to be either unnecessarily restrictive or tautological.

Secondly, he contends that unless one can prove harm it is not reasonable to create a criminal offence. I find this a very strange argument and one that has not been used against any other of the very long-standing laws about public nuisance. If we were to accept it then there could be no restraint on the public behaviour of individuals or couples as well as no restraint on public displays.

It is tempting to take issue with Mr Levin as to whether he or I has a rounder or more bespectacled face or looks more like the "swot of the remove". I prefer to rely on the argument of *de minimis non curat lex*—the law does not concern itself with trifles. I am sure that the law is not intended to restrict the sale of other goods of non-essential nature. There would then need to be a planning consent for change of use.

There has been a reasonable control over the siting of betting shops in shopping areas, as they are not a shop for the purposes of the legislation. Westminster City Council has on several occasions invited a change in the law to protect service shops, including the fast disappearing "corner shop", but our pleas continue to fall on deaf ears.

Yours faithfully, C. J. PRENDERGAST, PO Box 240, Westminster City Hall, Victoria Street, SW1, February 3.

## Sneaking respect

From Mr A. D. D. McCullum

Sir, Why all this verbosity: "Bowling under arm along the ground" (Cricket report, February 3)? In the good old days of my youth, in the vocabulary of the real game, the cricket player in the garden, or tennis courts, or on the beach, under the umpiring of nannies and governesses, such balls were succinctly and expressively described as "sneaky" or "sneakers".

And what's about "amendment of the laws"? Disputes used to be settled by reasoned debate, with logical arguments such as "You did—it didn't—you did" or "It wasn't—it was"—and, of course, before the pre-pastor days, there was in extreme cases no shortage of weaponry in the shape of stumps or bat to reinforce one's points. But the *twice*—mainly unwritten—remained sacrosanct.

Yours faithfully, A. D. D. McCULLUM, 1 Church Row Cottages, Burnham Market, King's Lynn, Norfolk, February 2.

## The cost of dying

From Mr Arthur Greig

Sir, As the cost of dying is offsettable against capital transfer tax, is it not better to look forward to a bumper funeral when the time comes, in preference to storing one's coffin (January 30) in the spare bedroom for an indefinite period? Yours faithfully, ARTHUR GREIG, 10 Connaught Road, Harpenden, Hertfordshire.

## From Mr Ambrose Appelbe

Sir, Why do your readers worry about funeral expenses? If they give their bodies for medical use they can be buried free or have no funeral. Yours faithfully, AMBROSE APPELBE, (Chairman, Anatomical Donors Association), 7 New Square, Lincoln's Inn, WC2.

## He who plays the king

From Mr Michael Anthony

Sir, Mr Clive Barnes is incorrect in asserting (January 31) that Sir John Gielgud has "dodged" playing Macbeth throughout his long and distinguished career. John Gielgud played the Thane with Gwen Ffrangcon Davis as the Lady during the early years of the war. Though he himself admitted, not amongst his most memorable performances, it was certainly not without considerable merit. Yours faithfully, MICHAEL ANTHONY, 38 Hill Street, W1.

between the four or five levels of our educational system, engender a purpose and commitment, and foster an educational "concern" consistent with our present national needs.

A single such experiment would have significant direct effects and also "spin-off" benefits in the development of selection procedures, curricula, teaching methods, counselling and career guidance, teacher development, educational research, education/industry links, etc.

Even successful attempts in "fine-tune" the separate but necessarily sequential parts of our present educational system are unlikely to eliminate the numerous obstacles encountered by those very few students who themselves set out to achieve a creative career in industry and business. Such an approach will do nothing to identify, arouse and foster latent abilities and interests. A bold experiment in "special" education could have considerable benefits.

Yours sincerely, RAY WILDER, Department of Engineering and Management Systems, Brunel University, Uxbridge, Middlesex, January 29.

From Mr C. A. Prendergast

Sir, Bernard Levin's article today (February 3) came as a great disappointment. Whilst one cannot deny him the space to pour scorn on Timothy Sainsbury's Indecent Displays (Control) Bill, one does wonder why such a well-known gourmet as Levin expresses no regret at the disappearance of those shops that sell delicacies to amuse his palate.

Amused from the offensiveness of the displays (I prefer the offensive term to the indecent, following the Williams committee report) the proliferation of shops which offer books, magazines and "aids to loving" is changing the character of Soho.

It is sad to relate that local authorities have been denied the simplest change in our existing legislation which would stop the rot. Under planning law a shop is always a shop no matter what it sells; it is therefore easy to change the user from a greengrocer to an indecent shop or a baker's to a sex shop.

The use classes order under the Town and Country Planning Acts requires amending so that there are two classes of shop: the service shop, which provides the public with necessities such as the butcher, baker, grocer or greengrocer, and the non-service shop, which sells other goods of non-essential nature. There would then need to be a planning consent for change of use.

There has been a reasonable control over the siting of betting shops in shopping areas, as they are not a shop for the purposes of the legislation. Westminster City Council has on several occasions invited a change in the law to protect service shops, including the fast disappearing "corner shop", but our pleas continue to fall on deaf ears.

Yours faithfully, C. J. PRENDERGAST, PO Box 240, Westminster City Hall, Victoria Street, SW1, February 3.

From Mr David Roberts

Sir, There is a growing tendency to regard the untried defendant as administrative inconvenience. First, the courts, in the Nottingham justices case (report, November 7, 1980) seriously restrict the right to make bail applications; now, the Home Secretary is considering extending the period of remand in custody.

The right to be produced every eighth day was a bedrock of our liberties. It guaranteed regular contact with the court and a solicitor providing opportunities for regular bail applications, advice and representation. This is fair, because the personal circumstances of the defendant and the attitude of the police to him are changing.

Lord Belstead (report, January 29), says the Imprisonment Temporary Provisions Act has worked fairly. My experience and that of other local practitioners is different. Unrepresented defendants, being absent, have been unable to apply for bail. Solicitors acting for absent defendants have been in great difficulty in applying for bail without their clients being present. Magistrates have regularly refused to make production orders for bail applications. For many people the Imprisonment Act has been a disaster.

If the right to regular production is removed, is it fair to leave the defendant to be visited when his solicitor finds it convenient? If the solicitor is put under a duty to visit regularly, where is the saving? Parliament should review the Nottingham justices case, and restore our liberties, not further erode them.

Yours faithfully, DAVID ROBERTS, 14 Orchard Street, Bristol.

## Bear facts

From Mr Lewis Massey

Sir, As a post script to Mr John Rae's enjoyable article (January 31) about the Bear With Very Little Brain, Pool-lovers may like to know that Warsaw is possibly the only city in the world which has a street named after him. Its Polish name is "ulica Kubusia Puchatka" and the plaque bearing the street name is embellished with the familiar Sheppards outline.

"Kubus" ("Jimmie") is not very obvious as a rendering of "Winnie", but that was the name adopted when the Pooh books were translated into Polish before the war by Irena, sister of the eminent poet Julian Tuwim.

Yours faithfully, LEWIS MASSEY, 20 Orchard Rise, Greenbridge, Tunbridge Wells, Kent, February 2.

## Charities and the law

From Mr A. R. Longley

Sir, It is not only in relation to the criminal law that a declaratory judgment procedure of the kind advocated by Mr A. T. H. Smith in his letter of January 12 would be beneficial. It is over four years since a committee, established by this council under the chairmanship of Lord Goodman, reported on the effect of charity law and practice on voluntary organisations.

One of the committee's main recommendations concerned the preamble to the Elizabethan statute (of which, incidentally, this year is the 380th anniversary) to which the courts still look, directly or indirectly, for guidance in charitable cases. This preamble, the committee recommended, should be replaced by guidelines couched in modern language and reflecting the numerous social, economic and legal changes over the past four centuries.

Experience gained by NCVO (National Council for Voluntary Organisations) indicates that today there are a substantial number of voluntary organisations which, for technical reasons, often of an archaic character, are incapable of being charities at law and whose activities are in consequence unnecessarily hampered.

Other organisations are capable of being charities but fail to satisfy the Charity Commissioners (and

the Inland Revenue) because their objects have been drawn in ignorance of some of the finer points of charity law. Many of these organisations undertake work of great value to the community both in this country and overseas. If they were to be accepted as charities, not only would the law be seen to be relevant to today's needs, but also encouragement would be given to the partnership between charities and statutory agencies and thus to the more pluralistic approach generally considered appropriate to contemporary social problems. Legal recognition of the Goodman guidelines would thus be a practical step in the right direction.

Practically speaking, the "only" way in which substantive changes in the general law may be effected are through decisions of the courts or by legislation. But no charity trustee will lightly initiate proceedings and the present Government has indicated both in Parliament (a year ago), and to a deputation from the churches and other charities (on which NCVO, the Bishop of London last July that it sees no cogent case for legislation in this field.

Declaratory judgments are not unknown to English law, but their scope is circumscribed. Thus, precedent suggests that whilst the courts have a general power to make declarations (whether or not there is a specific cause of action) some

particular, relief must be sought, and the question raised must not be purely academic. Moreover, there is no power to interpret a statute, whether civil or criminal. In legal terms, the procedure is comparatively recent and would seem to offer a potential for charitable cases (if not others) which could, with advantage, be explored by the Law Commission.

Yours faithfully, ADRIAN R. LONGLEY, Legal Adviser, National Council for Voluntary Organisations, 26 Bedford Square, WC1, January 29.

## Haispeak implications

From Mr J. R. W. Thirlwell

Sir, Surely the point about "Haispeak" (letters, January 31, February 3) is not its tinkering with grammar, but the ugly jargon it produces. Significantly, the worst example of this, and of how our language can effectively be destroyed, came in the Watergate tapes. It is really being so pure and foolish to find these trends objectionable.

Yours faithfully, J. R. W. THIRLWELL, Little Bush Lane, Bushey, Hertfordshire, February 3.







Channel tunnel  
still on the  
drawing-board,  
page 19

LAING  
make ideas take shape

■ **Stock markets**  
FT Ind 478.9, up 2.3  
FT Gilt 69.47, up 0.08

■ **Sterling**  
\$2.3575, up 60 pts  
Index 104.1, down 0.1

■ **Dollar**  
Index 98.6, down 0.9  
DM2.1132, down 218 pts

■ **Gold**  
\$505.50, up \$17

■ **Money**  
3 mth sterling 131/131  
3 mth Euro \$ 17 1/4-16 1/4  
6 mth Euro \$ 16 1/4-16 1/4

IN BRIEF

Revised  
borrowing  
limits for  
state groups

The Government has announced new borrowing limits for the National Enterprise Board, BL and Rolls-Royce. Presenting these to the Commons as amendments to the Industry Bill, Mr Norman Tebbit, Minister of State for Industry, said that in view of the disposal of its assets, the limit for the NEB was being reduced to £750m.

Other amendments increased the Secretary of State's borrowing limit to £4,000m with the power to increase that by order to £5,250m. Of that sum, £2,900m related to BL and could be increased by order to £3,250m. The limit for Rolls-Royce was £1,500m, increaseable by order to £2,000m.

Mr Tebbit said that the figures in the Amendments to the Bill were much larger than the 1990m needed by BL over the next two years, and which were accepted and announced in the House last month by Sir Keith Joseph, Secretary of State. This was because the sums also covered external lending from private sources.

Goods origin ruling

Government orders now require an indication of country of origin in five consumer goods sectors—textiles, clothing, footwear, electrical and domestic electrical appliances. Business Diary, page 19

Shoe group rescued

Norvic Securities, the Norwich-based shoe manufacturer, has been saved from receivership by Barclays Bank which yesterday agreed to lend the group a further £750,000. If the money had not been raised, receivers would have been appointed tomorrow. Financial News, page 20

Less energy used

Energy consumption in the United Kingdom dropped 7.4 per cent last year, in line with the estimated fall throughout the 21 member countries of the International Energy Agency. It was the first fall in energy consumption in Britain since 1975.

Japan car exports

After two days of talks in Lisbon, Japanese car makers have agreed to be "even more prudent" in their exports to the United Kingdom.

Kuwait stake

Kuwait has bought a further 52,000 shares worth £1.6m in General Accident Fire and Life Assurance. Kuwait now holds 10 per cent of General Accident.

GKN redundancies

GKN, the largest employer at Bedford, is expected to announce 1,000 redundancies, a quarter of the workforce, at Hatfield Castle today.

£5m for MG site

Standard Life Assurance has paid just over £5m for the 42-acre site of the former G factory at Abingdon, Oxfordshire, which it intends to develop as an industrial estate.

Wall Street steady

The Dow Jones industrial average closed 0.65 point up to 941.98. The S&P 500 was 1.24034. The £ was 0.527468.

Government may have  
ruled out cash support for  
Duport steel group

By Peter Hill and Philip Robinson

Duport, the troubled Midlands steel and engineering group, is expected to make an announcement on the future of its steelmaking operations later today.

Senior executives of the company were engaged in discussions yesterday after a meeting earlier this week between Sir Keith Joseph, the Industry Secretary, and Mr Eric Sayers, Duport's chairman.

It appears, however, that Sir Keith was unable to offer any hope of the Government providing funds to enable the company to ride out the present crisis, and that Duport was made aware of the Government's anxiety to make positive progress on the so-called "Phoenix" project.

This involves a two-part rationalization of the areas of overlap between the public and private sectors of the steel industry. The first "Phoenix" which is well advanced, involves the formation of a joint venture company between the BSC and GKN, embracing their steel billet, bar and rod production.

"Phoenix two" embraces engineering steels, where overcapacity is extensive and in which the BSC, Duport, and other private sector companies would be involved.

Yesterday's discussions in London are understood to have involved talks with executives of the British Steel Corporation and Lazard Freres, the merchant bankers retained by BSC to advise the corporation in its discussions on plans for the rationalization of the industry.

The company's statement is expected to centre on the future of the modern electric steelmaking plant at Llanelli in south Wales, developed at a cost of about £23m, which is considered to be the main factor behind heavy losses sustained by the company.

After first half losses of £4.5m last year, City estimates suggest that Duport's second half losses could amount to between £10m and £12m.

Mr Sayers said after his hour-long meeting with Sir Keith on Tuesday night that the company expected to make a statement on its future the next day.

"There have been certain developments since last night which have caused us to defer the issuing of a statement until Thursday," he refused to elaborate on the nature of those developments or to say whether the statement could be regarded as encouraging.

The Bank of England is known to have withdrawn from the mediating role it was playing as late as last week in attempts to resolve the company's difficulties.

The Bank's withdrawal from the talks is understood to have been prompted by the fact that Duport had in more direct discussions with the people who might provide a solution to its problems.

The Midlands Bank, the company's principal banker, confirmed last night that it had held no meeting with Duport directors at any time yesterday, although it has been in close contact over the past few weeks.

British Steel is anxious to pursue the rationalization of the overlap areas in the context of its own survival plan. The industrial logic behind its approach to "Phoenix two" appears to be that the Duport Llanelli plant lacks the type of facilities which would secure its long term future and also that its distance from major industrial markets must be considered.

The corporation's principal interest would seem to be in the plant's order book which it could take for itself.

In the Stock Market yesterday Duport's shares eased 1p to 53p where it is capitalized at £3.5m. The shares were halved to 7p before staging a sharp rally to 11p.

Pergamon deal would give control to Mr Maxwell  
£10m rescue proposal for BPC

By Richard Allen

National Westminster, the bankers of BPC the stricken printing and publishing group, will today be asked to approve a rescue package, which if successful will bring BPC under the control of Mr Robert Maxwell.

The package, which is thought to have been accepted by the BPC board, would involve Pergamon Press, Mr Maxwell's private publishing group, injecting cash of possibly £10m in return for a controlling interest in BPC.

However, the scheme, put together by Henry Ansbacher, the merchant bank and Pergamon's advisers, depends on agreement being reached with NatWest over outstanding loans totalling more than £25m, including overdrafts of £22m.

It is understood that NatWest will be asked to consider three options: to write-off a substantial amount of the debt, to offer some form of moratorium or, most controversially, to accept conversion of debts into equity.

The deal will also require the support from BPC's shareholders and holders of about £8m of loan stock who will be asked to convert into ordinary shares.

Some form of waiver will also be required from the Treasurer Panel, which has strict rules on partial bids if, as seems certain, Mr Maxwell intends to retain BPC's public quotation.



Mr Robert Maxwell: one of the City's most controversial figures

partial bids if, as seems certain, Mr Maxwell intends to retain BPC's public quotation.

If the deal succeeds it will have the effect of bringing one of the City's more controversial figures back into the public arena, although it is not yet clear whether Mr Maxwell intends to become chairman of BPC.

In 1973 a Department of Trade Inspectors' report on an investigation into Pergamon, which was then a publicly

quoted group, said: "We regret having to conclude that, notwithstanding Mr Maxwell's acknowledged abilities and energy, he is not in our opinion a person who can be relied on to exercise proper stewardship of a publicly quoted company".

Mr Maxwell has always contested the inspectors' findings. Mr Maxwell acquired a 29.5 per cent stake in BPC, whose main interests include Sun Printers at Watford and Purnell Waterlows, partly through a stock market "dawn raid" last July. He has now produced his package after two weeks of secret talks with the directors of BPC.

It is thought that the BPC board, headed by Mr Peter Robinson, had previously been seeking alternative plans to resolve the group's crisis, assisted by Hambros, the merchant banker. But things came to a head last week when Hambros was replaced by Hill Samuel as adviser to the group.

BPC has been affected by a recession in the publishing industry. Last year the group announced an interim loss of £6.5m. Total debts at the end of last year outstripped shareholders funds by about £4m at over £40m. Last night the group's shares eased 1p to 19p to stand 6p below par value.

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Competition  
favoured  
for British  
Telecom

By Bill Johnston

The report on telecommunications commissioned by Sir Keith Joseph, Secretary of State for Industry late last year, strongly favours allowing the private sector to offer certain services in competition with British Telecom.

The report by Professor Beesley of the London Business School has been submitted to the Government and will be discussed over the coming months as its policy on private sector intervention in telecommunications is formulated.

Professor Beesley studied "value-added services" which he defined as those services not at present offered by British Telecom. However, certain areas, particularly data communication, may bring the private sector into direct competition with the state corporation.

He looked in particular at the United States where many value-added services have been introduced.

During November he visited Microwave Communications, one of the leading operators of such services in the United States where terminals to computer systems, facsimile services and electronic mail systems are available.

In the United Kingdom the subject is politically sensitive. The Post Office Engineering Union, while not opposed to the provision of services not available through British Telecom, is opposed to giving independent companies carte blanche. The union, which gave evidence to Professor Beesley, believes that a new tariff structure must be created if British Telecom is to compete.

Where private carriers are running services in competition with British Telecom on the national telecommunication network, the tariff must reflect the nature of the traffic.

It is expected that in the United Kingdom some of the most financially attractive value added services will involve carrying speech instead of data, for example a line on lease to a company for a private telephone link between cities would be able to be used by the company in competition with the British Telecom exchange lines.

The union told Professor Beesley that it was premature to use examples from the United States as a model for this country.

Mr Reginald Eyre: looking to the City's own system.

The Government has used the Bill—which is largely a three-tier company system to harmonize United Kingdom company law with the EEC's Fourth Directive on disclosures in company accounts—to strengthen the laws on those who fail to comply with previous company Acts.

It has been known for some time that the DoT feels that only a small proportion of company law frauds are being prosecuted.

Despite strong opposition, the Bill also proposes to abolish the Registry of Business Names as part of a cost-cutting exercise. The registry, set up in 1916 when it was feared foreign firms were setting up business in this country under English names, was a list of the owners of small businesses.

The Government intends to replace this registry with a requirement on small businesses to display owners' names in their shops and on letter headings.

In Whitehall it was felt the original law was unenforceable and it is hoped its successor will be in the form of "self-regulation" procured by consumers and traders with local authorities' trading standards departments playing significant roles.

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Shell stake in £30m Shotton plant

By John Huxley

Bilston (UK), a minerals subsidiary of the Royal Dutch/Shell group, is to acquire a majority shareholding in Decade Titanium which is building a £30m plant at Shotton, north Wales.

The move, foreshadowed in a report in The Times last week, means that Bilston will take a 62.5 per cent stake while Rolls-Royce, previously the sole shareholder, will retain 20 per cent. The remaining 17.5 per cent holding will be taken by the only British titanium smelter.

Decade Titanium was originally started in 1979 by the National Enterprise Board, which subsequently transferred its holding to Rolls-Royce. It has been known for some time that private sector investors would be brought in alongside Rolls-Royce. Shell disclosed its interest in acquiring a share in the new company last March.

The new plant is being built on land near to the site abandoned by British Steel. Altogether some 6,500 steel jobs have been lost in the area. Decade Titanium will probably employ no more than 300 workers, although it is estimated that it will increase production of titanium sponge in the non-communist world by about 10 per cent. Output is likely to grow to 5,000 tonnes a year.

For some time it has been assumed that Rolls-Royce was a preferential buyer for the high-grade metals produced, which will be used primarily in aircraft.

The plant replaces an existing facility which is due to close down. There is a worldwide shortage of titanium at present, and the Shotton plant is one of several new sources expected to come on stream over the next few years.

At a meeting on Monday the company agreed with the 1,600 workers threatened with the loss of their jobs, to continue talks. The change of policy comes after intense pressure from local and national interests.

The agreement is to allow further meetings between the unions, the company, and to enable the unions to make more representations to the Government. The company has agreed to give all information about the choices considered in the study the size and type of redundancy settlements.

But the chances of sugar refining continuing much longer at Liverpool seem remote. When announcing pre-tax profits of £32.5m for last year, Tate said that total losses attributable to the Liverpool operation were £10m. At best, the sugar and activities such as sugar distribution may be kept open.

The difficulty arises from oversupply of sugar to the British market, complicated in Tate's case by a Community regime which favours sugar beet over the sugar cane traditionally processed and shipped by Tate.

But the workers in Liverpool, where unemployment is running at 15 per cent, still face redundancy on April 22.

Bank chief's  
warning on  
windfall tax

By Roman Eisenstein  
Banking Correspondent

In the first public response by the banks to renewed talk of a "windfall" tax on profits, Sir Jeremy Morse, chairman of Lloyds Bank, said last night that banking profits were "already on the downward trend".

He said that, taking the business cycle as a whole, bank profits are being excessive and are barely adequate to maintain free capital in real terms.

Sir Jeremy, who was speaking at a bankers' dinner in Croydon, Surrey, said that the banks would need to help the economy's recovery when it came. "Nobody wants unprofitable banks, least of all at this time, if we are to see our industrial customers through their troubles", he said.

Although he did not mention a windfall tax, Sir Jeremy hinted that the banks were already offering help to industry beyond their previous expectations.

The troubles of our industrial customers are reflected in our bad debts", he said. "We have the same urgent need to contain costs, including salaries, and our international earnings are adversely affected by the strength of sterling."

While proclaiming monetarism to be "thoroughly welcome" at the theoretical level, Sir Jeremy said that neither the United States nor British monetarist experiments "appears to be working satisfactorily".

He quoted two reasons for unemployment—the absence of an incomes policy and the strength of sterling, and "the climate of opinion induced by the Prime Minister and her team, with their insistence that chronic overmanning has been a key factor in our low productivity and that now is the time to tackle it".

Speculation grows on  
cut in MLR today

By John Whitmore

With rising speculation this week that the Government may be about to make a further reduction in the Bank of England's minimum lending rate, the City will await 12.30 pm today with more than usual interest.

Short-term interest rates in the money markets continued to fall yesterday, with three-month interbank rates slipping to 13 1/2 per cent. There is now an increasing feeling that the main banks would not be unhappy to make a cut in their base lending rates.

In some quarters there is questioning—on how much longer the Government needs to maintain MLR at all. The Bank is already conducting its open market operations through paper transactions with the discount houses rather than penal lending at MLR.

Moreover, it recently ceased to set weekly dealing rates for two and three-month Treasury Bills, and now deals at or close to the market rate on the day. Previously rates had generally borne a rather closer relationship with MLR.

City views on the likelihood of an official sanctioning of lower interest rates today are far from unanimous, however. Some operators still feel that the Government is keen to save up an interest rate cut for the Budget or shortly after it.

Sterling closed lower against continental currencies and the yen but ended the day 6 points up against the dollar at \$2.3575.

Current programmes include the Tornado, Jaguar, Harrier, Hawk and Nimrod aircraft on the military side, while in civil aviation it has a 20 per cent involvement as manufacturer of the wings in the European Airbus.

Its dynamics group produces "Rapid" Sengrave, Sky Flash, Sea Wolf and other missile systems. It is also a collaborator in the European Space Agency, and a leading maker of space equipment and communications satellite systems.

The Conservatives indicated before they came to power that they would return the group to the private sector, and the plan to sell half its equity to the public was set out by Sir Keith Joseph, Secretary of State for Industry, in July 1979.

Sir Keith has now written to Sir Austin Pearce, Aerospace chairman, setting out the Government's intended relationship with the company.

He says that the Government does not intend selling any more shares in the foreseeable future. In any event it intends retaining at least 25 per cent of the shares, though it does not intend to intervene in the commercial decision-making process of the company, Sir Keith says.

In support of the offer for sale, for which application lists will open on February 13, the group estimates trading profits of £92m for 1980. After launch costs and assuming the benefit of the new equity, re-stated 1980 profits before tax are put at £65m.

There is no profits forecast for 1981, though it estimates management profit and intends paying an 11.143p-a share gross dividend.

Financial Editor, page 19

PRICE CHANGES

Rises	
Anglo Am Corp	26p to 37p
Grovetell	44p to 33p
Leslie	16p to 110p
Peko Wainland	15p to 41p
Ranger Oil	20p to 64p

Falls	
Arb-Latham	10p to 29p
De la Rue	7p to 68p
Guthrie Corp	13p to 66p
Martinsair	2p to 21p
Unitich	15p to 21p

THE POUND	
Australia \$	2.07
Austria Sch	37.10
Belgium Fr	83.25
Canada \$	2.28
Denmark Kr	15.98
Finland Mk	9.83
France Fr	11.88
Germany DM	5.18
France Dr	110.00
Hongkong \$	12.70
Ireland £	1.39
Italy Lfr	2490.00
Japan Yen	502.00
Netherlands Gld	3.61

Output by jail inmates threatening manufacturers, Home Office told

Woodworkers close doors on prison rivals

Door makers have never enjoyed a captive market; they spend much of last year seeking to protect falling sales from cheap goods imported from outside Britain, principally Taiwan.

But now they find themselves having to contend with what is most definitely an "inside job", a sales challenge from a captive supplier, the inmates of Her Majesty's prisons.

The British Woodworking Federation has opened talks with the Home Office on the introducing of restrictions on woodworking products made behind locked doors.

Several leading companies have declared redundancies and much of the workforce is working short-time.

The federation said that its representatives had been told that door-making activities had been severely cut during the dispute. The main manufacturing unit at Kirkham, open prison, in Lancashire, closed for several weeks, and the federation believes it is unlikely to resume full production for some time.

In 1979, about 8.5 million doors were bought in the United Kingdom. The 1980 figure is expected to have been considerably down on this total, which is far below peak production of around 11.5 million achieved in the early 1970s.

Woodworking leaders estimate that output from the prison units amounts to only about 110,000, but points out that this is equal to the annual output of an average-size manufacturer.

Production in Britain's jails is organised through Prindos (Prison Industries), which in 1979 had a turnover of £26.4m.

A spokesman for the prison service said last night that Prindos products, like its doors, were frequently sold into government departments.

Where they were offered on the public market prices were set at commercial levels, agreed after consultation with both industry employers' federations and the Trades Union Council. Regular talks were also held on the range of products that should be made.

The British Woodworkers Federation says that after its representations, Prindos is considering changing to alternative products which would have the minimum effect on the home manufacturing market. "The feasibility, for instance, of concentrating on products in direct competition with imported products is under consideration", an official added.

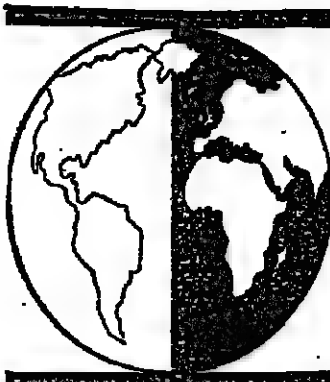
Meanwhile, a state-of-trade survey published by the industry yesterday complained that several companies emphasised the intolerable pressure of low margins in present "cut-throat competition".

John Huxley

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## Belgian oil subsidiary bought out by Canada

Petro-Canada, Canada's government-owned oil company, is taking over the Canadian subsidiary of Petrofina, the Belgian multinational, for \$640m (£527m).

The payment works out at \$40 a share, compared with \$30.50 a share at which Petrofina Canada had been selling on the Montreal Stock Exchange.

The announcement came after days of speculation that Petrofina had become the first target of the "Canadianization" policy introduced last October by the federal government.

This would mean the takeover of "one or more" multinationals as part of a programme to make the country's petroleum industry at least 50 per cent Canadian-owned by 1990. About three-quarters was owned then by foreign companies.

### Japanese car decline

The Japan Automobile Dealers' Association announced that new registrations in January fell 8.6 per cent from a year before and a sharp 26.1 per cent from the previous month to 205,205 units. The association attributed the decline to the sluggish domestic economy.

### Less Polish coal

Coal production in Poland, a big exporter, dropped sharply last year. Mr Stanislaw Kania, Party Leader, said in Warsaw that if coal production continued at the January level, the country could become a coal importer.

### US Volkswagen sales

Sales of cars built by Volkswagen of America rose 9.0 per cent in late January to finish the month 8.5 per cent below their level in January last year, the company said.

### Tokyo oil exports

Japan's Ministry of International Trade and Industry said yesterday it is considering allowing domestic oil companies to resume exporting heavy oil for the first time in two years.

### German output down

West German industrial production fell 1.7 per cent seasonally adjusted in December, after a downward revised fall of 1.6 per cent in November, provisional figures show.

### Export orders down

Japanese industrial machinery export orders fell by 14.2 per cent last year reflecting the Iran-Iraq war, adjustment by China of its modernization programme and the rise in the yen's value against the United States dollar.

### Danish jobs scheme

The Social-Democratic Government of Denmark has drawn up a £225m plan to create 85,000 new jobs over the next three years and ensure that no one is unemployed for more than one year.

### Belgian borrowing

The Belgian Government will be offering an interest rate of 13 per cent for the entire life of this month's eight-year road fund borrowing, financial sources said. It will therefore be re-creating only slightly from the record interest rate paid on the year's first big bond issue.

### Japan-China talks

China is believed to be considering compensation to Japanese companies that have had their plant contracts cancelled because of a shift in China's economic priorities. Officials at the Japanese export insurance department of the Ministry of International Trade and Industry said a delegation from China will visit Japan later this month for a series of meetings.

### Fall in oil use

Italy's consumption of oil products in 1980 dropped 2.5 per cent to 89.92 million tonnes.

## Lee Cooper to manufacture jeans in eastern Europe

By John Huxley

Lee Cooper has signed a £25m licensing agreement to manufacture and market jeans in Czechoslovakia. The company, which claims to be Europe's largest maker of jeans, said yesterday it hoped to sign a similar deal with the Soviet Union soon.

The deal was struck after more than 24 years of discussions, and is understood to be the largest textile agreement between a British company and a member of Comecon, the East European trading block.

It provides for a factory to be set up under Lee Cooper's guidance at Presov in eastern Slovakia. Apart from providing marketing and sales know-how, the British company will supply all machinery and raw materials including denim fabric, and all trimmings such as zips, rivets, buttons and thread. It will also

## Benefits and social services important in redistribution of wealth

# Bottom 20pc share 7pc of incomes

One fifth of households in Britain had only a 7 per cent share of the total income for all British households in 1979, after allowing for taxes and the receipts of benefits. This compares with a 38 per cent share for the top fifth of households. But, before taking account of taxes and benefits, the bottom fifth received only 5 per cent, while the top fifth of households got 45 per cent.

This is one of the main findings of a study in the latest edition of *Economic Trends*, published by the Central Statistical Office yesterday. It shows the importance of taxes, cash benefits and government expenditure on the main social services in redistributing income from high income to low income households. In general, there appears to have been little change in the distribution of income between 1978 and 1979. The study, entitled "The Effects of Taxes and Benefits on Household Income", is the work of Mr Alan McIntyre.

The distribution of final income not only takes account of taxes and cash benefits, but also benefits in kind, such as education, welfare foods (mainly school meals and milk) housing subsidies, and health care. About 45 per cent of the £85,000m spent by the Government in 1979 is allocated among households. Many items of public expenditure, such as defence spending and law enforcement, cannot of course be allocated.

As might be expected, cash benefits—state pensions, and unemployment and supplementary benefits—account for a considerable slice of the incomes of the bottom groups. Households in the bottom 30 per cent of total households include many people who are retired, or sick or unemployed. These households received an average of £1,600 in cash benefits

### PERCENTAGE SHARES OF TOTAL HOUSEHOLD INCOME 1979

Percentage in each quantile group of households, re-ranked at each stage	Original income (1)	Disposable income (2)	Final income (3)
Quintile group			
Bottom fifth	5	6.5	7.1
Next fifth	10	12	13
Middle fifth	20	24	26
Next fifth	27	34	37
Top fifth	40	50	58
Total	100	100	100

Decile groups

Bottom tenth	2	2.6	2.8
Top tenth	27	33	37
Gini coefficient (4)	45.2	32.3	31.8

(1) Pre-tax income and unearned income.  
(2) After direct taxes and cash benefits.  
(3) After direct taxes and cash benefits and allowing for cash benefits in kind.  
(4) Measure of inequality: zero equals perfect equality and 100 equals complete inequality.

during 1979, out of an average final income of £2,326. Average pre-tax income for these groups was only £557.

By comparison, the pre-tax income of the top 10 per cent was £14,040. This comes down to £9,860 after taxes and benefits are taken into account. Although direct taxes on income have the effect of making incomes rather more equal between the top and bottom groups, the effects of indirect taxes is less clear. These include domestic rates and taxes on goods, for the purposes of this study, water and sewerage charges, which are also based on rateable values in most cases—taxes such as VAT and excise duties on items such as drink and tobacco.

The proportion of disposable income paid as indirect tax is shown to decline slightly in the top income groups because these households allocated more of their income to savings, rent, mortgage interest, and insurance premiums, which attract little indirect tax.

The top groups are shown to benefit more on average from some benefits in kind, notably education. Households with a smaller average number of children than those in the middle or at the top. But, generally, old people tend to use the health service much more than young people.

The concentration of retired people in households in the lowest part of the income distribution means that a high average level of health benefit is allocated to the bottom groups.

On average, households with high incomes had higher benefits in kind than households with the lowest income. But these benefits represented the highest proportions of final income for the bottom households. None of these calculations take account of the fact that the top group of households, ranked by original income, contain more individuals on average than households in the bottom group. Neither does it make allowance for differences in household composition—number of children, whether single adult or a married couple. When households are converted into "equivalent adults" and weighed to allow for differences in composition, the bottom fifth of households are still shown to have received one per cent share of pre-tax income in 1979 but 10 per cent of final income, while the top fifth had a pre-tax share of 45 per cent and a share in final income of 58 per cent.

Melvyn Westlake

## British Shipbuilders urges tough European stance against Japan

By Peter Hill

British Shipbuilders is to urge European governments to take a much tougher stand against Japan in forthcoming talks at the Organization for Economic Cooperation and Development.

The same group will claim that the Japanese yards have failed to honour the spirit of an agreement they entered into five years ago with European shipbuilders to curb their export sales. BS also believes that Japan's planned increase in output in the next financial year will seriously undermine progress towards stability in the shipping and shipbuilding markets.

Behind the state corporation's pleas amid continuing pressure on the yards and the threat to jobs is the need for Japan to be persuaded to extend the present restraint agreement and to abandon plans to lift output in the coming 12 months.

European shipbuilders managed to ensure that shipbuilding was among the sensitive areas discussed in Tokyo last week between senior officials of the EEC Commission and Japanese government representatives in talks on the growing trade imbalance between Japan and the Community. The next opportunity will come at the OECD working party discussions on shipbuilding in Paris.

Mr Robert Atkinson, chairman of BS, said that he had commissioned a detailed study of the Japanese challenge which would be submitted to the Government.

Over the past five years the crisis in the European shipbuilding industry has led to the loss of nearly 100,000 jobs and under a series of Commission directives capacity has been reduced under restructuring programmes.

The bulk of the rationaliza-

tion took place during 1976-80 after the OECD agreement. Japanese output fell by 53 per cent in 1980 to September compared to 1976, while European output fell 56 per cent over the same period.

On the basis of OECD statistics, Japan's share of total orders in the first nine months rose to 63 per cent of the total compared with 49 per cent the year before.

BS has also expressed concern at Japanese plans to boost output in the coming financial year. Japan's Fair Trading Commission has extended the operations of an anti-depression cartel, formed by the 39 largest shipbuilders, for a further year which could lead to 30 per cent rise in output in the coming fiscal year over the current year.

It is against this background that BS is expected to press for a further period of restraint by the Japanese industry.

## Talks start on Perkins stake

By Edward Townsend

Perkins Engines, the British-based diesel subsidiary of Massey Ferguson, has begun discussions to attract outside investors after the proposed £285m equity refinancing of the Canadian parent company.

The rescue of Massey by its bank creditors, dependent upon Canadian government guarantees—has opened the way for Perkins to become a separate legal and financial entity. The discussions could lead to Perkins' shares once again being quoted on the British Stock Exchange.

The company, taken over by Massey Ferguson in 1956, is one of the largest diesel engine makers in the world. Last year it made a profit before meeting redundancy liabilities. Yesterday the £285m equity refinancing of the parent company was announced.

Perkins, part of Massey Ferguson Holdings in the United Kingdom, is one of the group's more attractive subsidiaries for external investors, particularly as the world market for diesel engines is expected to grow significantly towards the middle of the decade.

The company needs long term capital for engine development programmes and is considering joint ventures with other manufacturers.

Mr Jim Felker, newly-appointed American managing director, disclosed yesterday that Perkins was having "fairly serious" discussions with one of two companies in North America.

British investment in Perkins (a joint venture with BL cannot be ruled out) would be supported by the Government. This would be consistent with the policy of encouraging investment in the private sector and as protection for a vital part of British engineering.

## Foreign motor parts groups 'invading' UK

By Clifford Webb

Midland Industrial Correspondent

Overseas companies are making increasing inroads into the British motor components industry. Nearly one-third of the top 60 companies are now foreign-owned.

While leading groups such as Lucas, GKN, Associated Engineering and Automotive Products have been investing heavily in Europe and the United States to offset falling vehicle production here, foreign companies have still found the British market attractive.

A survey by the Economist Intelligence Unit identifies 13 American-owned components companies which are leading the "invasion". It says that despite the well-publicized hardships of the British motor industry, the Americans see an English-speaking country as the ideal base from which to develop business in Europe.

But this does not explain the increasing involvement of French and German companies. The most likely answer, which the survey does not mention, is that they are attempting to defend their own home markets by

attacking British rivals in their backyard.

Rockwell International of Pittsburgh has shown the biggest growth with the acquisition in 1979 of Wilmot Breeden, a leading British manufacturer of door-locking systems, gear, bumpers and cooling fans. Rockwell's turnover has reached £150m, pushing it from 36th to 11th place in the top-60 table.

Bendix Corporation of Southfield, Michigan, acquired the remaining half of Bendix Westinghouse from Hawker Siddeley and stepped up from 46th to 39th place. Dana Corporation of Toledo, Ohio, bought the remaining 65 per cent of Turner Manufacturing, a 69 per cent stake in Brown Boveri, and the whole of Intertruck.

The present recession has pinpointed overmanning as the one serious weakness of the United Kingdom components industry.

The *Changing Face of the United Kingdom Automotive Component Industry*, Economist Intelligence Unit Special Report No 91.

## De Lorean dispute over terms of state backing

By John De Lorean

Mr John De Lorean, the American car manufacturer, confirmed last night that a serious dispute over financial aid has arisen between his Belfast-based company and the Government.

He said that a difference of opinion about the financial aid agreement with the Government would have to be legally clarified before a planned offer of shares in his company could be made to the American public.

He did not want to go into the subject too deeply "because we are still in the very early stages of legal discussions". At the root of the dispute is the £14m additional aid which Mr De Lorean's company, Northern Ireland Secretary of State, made available last August to cover the effects of inflation since the project, originally worth £67m, was launched in August 1978.

Mr De Lorean feels that the precedent established in many previous Northern Ireland projects, that extra amounts to cover inflation should be provided on the basis of the original funding, should be followed.

But the Government is understood to consider that the additional finance is a loan rather than a grant. Mr De Lorean is confident that the decision would favour him if the matter went to arbitration.

Yesterday Mr De Lorean dismissed as "a scurrilous insinuation" suggestions that "some De Lorean executives had been found to have been in their own board, the Government and the development agency itself."

The dispute may colour the Government's attitude to a request for a further £10m bridging loan.

This short-term finance is required to cover expenses incurred while the company begins to build the new car at the De Lorean Sports car plant in the United States in May.

Suggestions that there have been serious production difficulties were dismissed by Mr De Lorean. He said that they had been no different to those encountered in the many new car launches with which he had been involved during his career with General Motors.

Production this week is one car a day more than a recent schedule, which set a target of 210 cars in February and 630 in March. Mr De Lorean hopes for 700 cars to be distributed to his United States dealers before the market launch.

"To take a green field, build up a sensational workforce and create a plant in 28 months is an incredible achievement," he said.

## Building societies and savers

From Mr H. Stinson

Sir, For more than a decade now building societies have been agents for removing the assets from millions of thrifty savers and passing them across to big borrowers. Anyone who, ten years ago, lent to a building society the value of an average house, perhaps the savings of a life time, with the intention of securing some comfort in retirement, receives back today, even allowing for interest, the mere fraction of the value of a house. Those lost assets have not disappeared. They are in the pockets of building society borrowers who have paid back good, solid loans with confetti money.

How, then, as reported in *The Times* (February 2) dare Mr R. Wainwright accuse the savers of unfairness? The Government is right to give some small help

to the elderly to preserve the value of their savings in old age.

The answer for the building societies is quite clear. They should index their loans to borrowers on ever-rising property values. This would enable savers tomorrow to receive justice as a reward for their thrift, and not the injustice of today of being robbed of a large proportion of the real value of their savings by borrowers, aided and abetted by building societies.

Yours truly,  
HARRY STINSON,  
Wortley,  
Redcombe Lane,  
Brigg,  
South Humberside,  
February 2.

From Mr C. G. Newman

Sir, Mr Weir, of the Building

Societies Association, complains (February 2) of "unfair" competition from the Government savings bonds. He should realize that, taking account of inflation, investors in building societies have had to be content for years with a negative return. The building societies have been an engine for transferring wealth from investors to borrowers. Perhaps the fresh competition may stimulate the building societies to devise a mortgage scheme which enables investors to participate in the growth in property values which is at present wholly retained by their borrowers.

Yours faithfully,  
C. G. NEWMAN,  
Hilltop,  
Northchurch Common,  
Berkenhamstead,  
Hertfordshire, HP4 1LR,  
February 2.

## Design and textiles

From Mr Charles Metcalfe

Sir, Mr Ira Brown (January 26) has at last given a totally emotional view of the "cause of the decline in textiles". The one outstanding aid to recovery is design. Good design will give high profits but will also attract copying. British manufacturers prefer a product that never changes. Like Mr Brown I could write pages, not facts, and figures but short stories on the British hate of fashion. In my opinion, the textile bosses should be producing golf balls, clubs and tees, where their true interest lies. If the British textile industry would take advantage of the creative talent of the annual crop of designers produced by the college and polytechnic textile Bachelor of

Arts design courses, our competitors would not have time to copy before a new product was on the market.

Those British manufacturers that visited the November Inter-stuff dress textile fair at Frankfurt saw the obvious superiority of the British textile college compared with similar continental institutions.

My appeal to manufacturers is to expand design studios because I can assure you that our competitors are and they are employing British-trained designers. Perhaps government should subsidize firms employing degree trained designers.  
CHARLES METCALFE,  
Liverpool Polytechnic,  
68 Hope Street,  
Liverpool, L1 9EB.

## Role of the institutions

From Mr C. P. Morton

Sir, Ronald Fullen's article, "When should institutions intervene?" (January 28), comes a decade after you published my original suggestions.

Similar thoughts must have occurred to far more eminent men, the Governor of the Bank of England being the most recent, when giving the Stockton lecture a week ago.

In the hope—probably in vain—of preventing another decade from passing before a constructive move is made to arrest and reverse the country's industrial decline, may I restate the proposal:

1. Institutions should pool their voting power, to elect non-

executive directors (Neds) on to the boards of companies.

2. The Neds' role would be to monitor and improve the performance of organizations and hence their fees would be met by these.

3. To avoid any suggestion of "insider trading", the Neds' contact with institutions would be by way of a statement in the annual report.

This space is unsuitable for suggesting more detailed guidelines, but these could easily be devised by the institutions or their advisers.

C. P. MORTON,  
C. P. Morton & Associates,  
142 Arkwrights, Barlow,  
Essex CM20 3LZ.

## Standard design for calendars

From Mr R. O. Leavor

Sir, May I make a plea for printers of monthly and annual calendars to adopt the same system? At present the days of the week may run across the top of the calendar or down the left hand side, or vice versa, and may begin with Sunday or Monday. This leads to confusion

when changing annual calendars or when looking at differently laid out ones in a diary or on the office wall. Typewriter and calculator keyboards are standard, so should calendars be.

R. O. LEAVOR,  
76 Heaton Park Drive,  
Bradford,  
West Yorkshire, BD9 5QE.

# GALLAHER

## Report for the year to 31st December, 1980

Results (Unaudited)	1980	1979
	£MILLION	£MILLION
Group Sales	1,835.8	1,621.3
Group Trading Profit	82.7	66.0
Interest Charges	1.9	2.8
Group Profit (before taxation)	80.8	63.2

## GROUP

A record year with trading profits up 28% on 1979, though the fourth quarter was lower than the previous year, reflecting promotional costs and reduced margins.

## Tobacco

All divisions in the domestic market raised profits and sales volume and increased market share. Sovereign King Size successfully launched.

Overseas, overall profits increased by over 10%. UK exports were well ahead.

## Distribution

Results were good from the retailing side. Wholesaling now restricted to Northern Ireland where profits were satisfactory.

## Pumps and valves

Total profits just ahead of 1979. Excellent results from Italy, Australasia and South Africa. UK hit by weak demand and strength of sterling.

## Optical

Good progress made in the UK and Italy. Currently activity in the UK is below normal for the time of year.

Gallaher Limited, 65 Kingsway, London WC2B 6TG. Tel: 01-2421290. Telex: 25505.



BY THE FINANCIAL EDITOR

## Tight terms for BAe

The raw nerve in the flotation of British Aerospace was obviously going to be its civil aviation business, specifically the huge development programme going forward on the wings for the A310 (advanced European Airbus) collaborative project and its own BAe 146 feeder airliner programme.

The military side of the business, which in British Aerospace's benefit as an investment has been accounting for over three-quarters of trading profits before launching costs for the past five years, is largely financed by development and progress payments by customers, the most substantial of whom is of course the British Government.

So in selling 50 per cent of the equity the Government and the issuing house, Kleinwort, Benson, had to rationalize selling

Bank of England has been playing an important cajoling role to prevent banks bringing in the receiver when normal banking prudence might have suggested otherwise.

Last night Sir Jeremy Morse, the chairman of Lloyds Bank, went to some lengths to explain the role the banks were playing in supporting their sound industrial customers through the depths of the recession, a point that the Committee of London Clearing Bankers made strongly in their lunch with the Prime Minister on Monday when trying to head off the possible windfall profits tax on the banks.

Just how far the banks have been going to assist their industrial customers is becoming progressively clearer although it is a fair assumption that only the tip of the iceberg reaches public knowledge. Yesterday, for example, Barclays announced a change of heart over Norvic Securities, and will continue to support the company for the time being having said earlier this week that it saw a bleak future for the British shoe industry.

Meanwhile, there appears to be an almighty struggle going on to keep Duport's head above water with again the Bank of England playing a central role. And today it looks as though NatWest will be forced to make an unpleasant choice when presented with Mr Maxwell's proposals for BPC which may involve conversion of loans into some form of equity, along the lines of the Massey-Ferguson solution.

Whatever happens at today's crucial talks on the future of BPC it now seems clear that Mr Robert Maxwell is set to take control of the troubled printing group.

BPC's board has apparently been totally unable to find a saviour anywhere. The crunch of course for shareholders has yet to come although it seems clear that Mr Maxwell's Pergamon group intends to drive a very hard bargain with regard to gaining control in exchange for a cash injection of possibly £10m.

What role the Bank of England has played in all this is not yet clear but the assumption must be that it has at least tacitly accepted Mr Maxwell's role.

The move will also only add to retrospective criticism of the way Mr Maxwell was able to grab a near 30 per cent stake in BPC through a stockmarket dawn raid last year. On this aspect, however, shareholders might well ponder whether their group would be but for his intervention.

### Companies legislation

#### Ducking the issue

One of the most striking things about the 1981 Companies Bill, which had its first reading in the Lords yesterday, is the absence of legislation outlawing "concert parties". There is wide agreement that disclosure rules need tightening to prevent anonymous parties secretly amassing a large stake in an unsuspecting company, as De Beers did in Consolidated Gold Fields.

The Government's failure to introduce legislation in this Bill is unfortunate because the next opportunity may be a long way off. As for the Bill itself, the measures to speed up and strengthen Department of Trade investigations will certainly be welcomed—the recent report on Scoda took nearly five years to publication—and the Bill includes extra measures for penalizing those using companies for fraudulent or criminal ends.

The Government is also tightening up on directors who persistently fail to make returns to Companies House. However the decision to abolish the Registry of Business Names looks certain to provoke an outcry. Most of the submissions on this matter were strongly against abolition, and the "self regulating" system to replace the central register looks a poor alternative.

Those parts of the Bill dealing with the Fourth EEC Directive are unlikely to prove controversial, although the Bill is significant in that for the first time matters covered only by accounting standards will be incorporated into statute law.

The three-tier system of small, medium and large companies will allow some easing of the burden of disclosure on small private companies but creditors can still rest satisfied that all will have to undergo a full audit.

### Economic notebook

## Will the funding strategy work?

A government which by the end of next month will have successfully borrowed something like £23,000m (for more than £400 per head of the population) in the course of two years should not on the face of it have too much to worry about in terms of its approach to funding.

But simply borrowing such massive amounts of money is not, of course, the crux of the funding issue. At the end of the day the Government can always cover the difference between its revenue and expenditure by resorting to the printing presses.

It could if it wished (and subject to raising the limits on the fiduciary issue) run off enough bank notes to cover its excess expenditure. In practice, it tends to write out cheques which people then deposit in their banks, in turn giving the banks the cash to lend to the Government to support those cheques.

At this point about these methods of financing the Government's borrowing requirement is simply that they directly boost the money supply. In other words, they are highly inflationary.

A principal aim of funding, therefore, has to be to ensure that the increase in bank deposits caused by excess public spending is to an appropriate extent offset by persuading people to take money out of the banks and buy public sector debt instead.

For most of the past few years the most obvious sources of money for the Government to tap have been the cash-rich long term savings institutions—the life assurance and pension funds.

These funds have wanted long-term assets to match their long-term liabilities, and the Government has provided them with an unending stream of high coupon 15-25 year stocks, almost regardless of the long-term cost to the taxpayer should the inflation rate and the rate of return fall back to more normal levels.

Needless to say, the effects have been pernicious. While the Government has been able to finance the bulk of the public sector borrowing requirement in a non-inflationary way, it has effectively so dominated the long-term savings market (at very high nominal rates of interest) that it has prevented other sectors, notably the corporate sector, financing their long-term needs in a non-inflationary way. They have had little choice but to revert to bank credit, swelling both bank balance sheets and, by extension, the money supply too.

### Diversify

At various stages the Government has made some attempt to diversify its funding. It boosted National Savings with its rapidly growing, low interest bonds. It successfully drew on certain pockets of excess liquidity in the corporate sector—mainly the oil sector—by means of the Certificate of Tax Deposit.

But it was only last summer that it made clear that it was going to make a more pronounced effort to change the pattern of funding. It said it would be paying much greater emphasis on drawing off the banks to favour the long-term debt markets.

The aim was to create a virtuous circle. By taking part of the burden of public sector funding away from the long-term savings market it hoped that long-term interest rates would fall to levels at which companies would be encouraged to refinance part of their bank borrowing in the long-term debt markets. This would reduce the corporate sector's demand for bank loans, so reducing to the banks need to bid in the deposits that constitute the major element of the money supply.

Where would the money

that would normally have gone to providing those bank deposits go? To the extent that it was personal sector liquidity, it would be drawn off by the more attractive terms to be offered by National Savings. As to the balance remaining, well that would be for the banks and the building societies to fight over as they chose.

The grand strategy was never expected to turn in the results desired overnight. But so far it has not worked. The original targets for sales of the new index-linked National Savings issue were grossly over-optimistic. More disturbingly, perhaps, long-term yields have not only failed to fall in absolute terms, but they have risen in real terms and higher relative to short-term interest rates.

### Target

The reason for this is not hard to find. Hardly surprisingly, investor confidence has been rocked by the two successive upward revisions in the projected size of the present year's public sector borrowing requirement, from an original figure last spring of £8,500m to the latest implicit figure of some £13,000m.

What is more, investors remain distinctly uneasy about the likely size of next year's public sector borrowing requirement, not to mention whether or not the Government's accompanying, and presumably lower, target for monetary growth in 1981-82 will allow for any significant reduction in public sector debt sales to the institutions.

For these reasons, the suspicion is almost universal that laying greater emphasis on National Savings sales to the personal sector will not represent any shift in the burden of public sector funding. Rather it will be a device to disguise, and thereby to make more palatable, the source of funds for the Government.

Moreover, the uncertainty does not end there. The fear, of course, is that last year's excessive growth in the money supply will see an upsurge in inflation, which in 1982, certainly, in its latest Annual Monetary Review, the City University monetary team suggests that without a significant tightening on both the fiscal and monetary sides in the Budget, this is precisely what will happen in 1982.

While there is no doubt that this is going to be a fairly tough Budget, at least in relation to the depth of the recession, it must be doubtful that the Government can (credibly) go far enough to shift its financial figures to make completion of the virtuous circle this summer a probability.

Indeed, the experience of the last year ought to have taught the Government not to promise what it is not practical to deliver. In short, it may well have to sail too close to the margins of safety in the Budget to give the virtuous circle any serious chance of being achieved.

In that case, it would probably do better to concentrate on other aspects of the funding-monetary control scene. Efforts to smooth the flow of government payments and receipts over the year would be what it is not practical to move "tap" prices would be another.

The scope for new short-term debt instruments to soak up liquidity outside the bank system does, however, look limited. Index-linked gilts have obvious attractions, particularly as a method of dealing with the increasingly serious problem of the cost of debt servicing. But it is doubtful whether enough work has yet been done on the implications for the corporate sector and the financial system generally. Besides, there is scant evidence that the politicians deserve to be trusted with such a potent weapon.

John Whitmore

## The goodwill clause which may be bad for business

Colin Perry

The Companies Bill 1981, published yesterday, includes provisions implementing the European Commission's Fourth Directive on company law and requires goodwill to be written off in the annual accounts of companies. It excludes goodwill arising on consolidation, since a draft Seventh Directive on group accounts is now under active negotiation in Brussels. But at present all goodwill arises in the consolidated balance sheet and can only be written off (other than fictionally) in the accounts of the holding company. The Bill therefore intends no less than the writing off of untold thousands of millions of pounds—the Department of Trade has confirmed to the Consultative Committee of accountancy bodies that the legislation would enable goodwill to be written off immediately on acquisition—and its effect upon companies in the United Kingdom and Ireland, let alone on the economy, clearly cannot have been understood by the draughtsmen.

This knowledge in itself is likely to affect acquisitions by means of an exchange of shares dramatically, and both the accountancy profession and government now face a serious and embarrassing situation. Yet it could be avoided by a simple addition to Section 36 of the Companies Act 1948.

Goodwill is the excess of the cost of shares in subsidiaries over the fair value of the net underlying assets ascribed to them: it is an indivisible part of that cost and is at present neither revealed nor written off in the accounts of a legal entity. The Bill requires goodwill to be disclosed in the company's balance sheet and that it be written off systematically over a period not exceeding its useful life. It has the effect, chosen by the director, of making the goodwill a liability.

At least for the company acquiring shares in a subsidiary for cash it will become necessary for the directors to separate goodwill from the cost of the acquisition. The directors have no control over the market price of their company's shares, which is speculative and normally attaches to small parcels of shares before the shares to be issued have been admitted to quotation. It has nothing to do with the reputation of the company to be acquired nor has it any relationship with any market value of the offeree's shares.

In most such acquisitions the consideration is a number of shares in the offeree company. The offeree company has realized any shares nor can they be deemed to have done so. What happens is that

There is a fundamental difference where acquisitions are made through an exchange of shares. The position is governed by Section 36 of the Companies Act 1948, which requires the aggregate value of the premiums attaching to the nominal worth of the shares issued to be transferred to a share premium account and this account is treated as if it were paid up share capital of the company. However, there is no statutory direction as to how a share premium is to be valued. In many cases quoted companies have valued the premiums as being the difference between the fair value of the net underlying assets represented by the shares acquired and the nominal worth of the shares offered in the exchange; and where this is so no goodwill arises.

But most offeror companies use the market value of their shares, particularly since the institutions of chartered accountants advocated in an ill-fated exposure draft ten years ago a so-called "acquisition accounting" which referred to the market value of the shares issued. The result was that goodwill became the excess of an aggregate market value of shares issued over the sum of their nominal worth and the fair value of the net assets of the company acquired. It is a component of a share premium account. It is remarkable that no accounting standards have been issued on acquisitions, mergers or goodwill.

It is necessary to make some comments about goodwill arising as a consequence of attaching market values to shares issued in exchange. The directors have no control over the market price of their company's shares, which is speculative and normally attaches to small parcels of shares before the shares to be issued have been admitted to quotation. It has nothing to do with the reputation of the company to be acquired nor has it any relationship with any market value of the offeree's shares.

In most such acquisitions the consideration is a number of shares in the offeree company. The offeree company has realized any shares nor can they be deemed to have done so. What happens is that

a market price of the offeree's shares is written permanently into the holding company's accounts and its shareholders are able to become shareholders in the offeror company.

It was in the light of these facts that the Accounting Standards Committee of the Consultative Committee of Accountancy Bodies issued *Accounting for Goodwill: a discussion paper* in June 1980, and requested the Department of Trade to avoid committing the United Kingdom to any firm position on the draft Seventh Directive until responses were received and evaluated. The discussion paper was deficient, and a new exposure draft is to be expected later this year. But it will be of no consequence because the Accounting Standards Committee has said: "In its present form the proposed Seventh Directive envisages that consolidated goodwill should be written off in the same way as purchased goodwill in unconsolidated accounts" (author's italics).

Quite unforgivably, accountants have failed, in thirty-two years, to secure uniformity in the accounting treatment of share exchanges and to understand—can there be any other reason?—the middle they have brought about in artificially creating goodwill arising on consolidation in share exchanges. If the eventual Seventh Directive is to permit an immediate write-off of goodwill against distributable reserves and it is to have any other than fictional effect, the write-off can be made only in the holding company's own accounts and that would be tantamount to a reduction of capital. Government should not itself misunderstand what is involved.

But there is no need for any company to create a so-called goodwill and, as immediately, imperil its well-being. Section 36 of the 1948 Act can be amended to provide:

"The offeree's shares be issued at a premium being the difference between their nominal value and the fair value of the net underlying assets of the shares to be acquired as ascribed to them, and not being below their value as the last audited accounts of the offeree, by the offeror when it has become the holding company."

The author is a member of the Consultative Committee of Accountancy Bodies Sub Committee on Company Law.

## Closing the gap—179 years on

After waiting for 179 years for a Channel tunnel (or bridge) nobody is going to quibble if the latest deadlines set for such a scheme are overrun by a few weeks.

Napoleon was the first to suggest closing the gap and many a visionary has followed in his footsteps.

The latest plans are now piled up at the Department of Transport. Over the next few weeks the department expects to receive three further detailed proposals for Channel tunnel or bridge schemes.

Although an unofficial deadline for submissions was passed five days ago, only five out of the eight groups which have recently indicated their interest in Channel projects have so far presented their plans.

By the time schemes are received, Mr Norman Fowler, Secretary of State for Transport, also hopes to have the benefit of a report on the subject by a Commons Select Committee, which took evidence during last autumn and summer.

After so many years of abortive attempts to make a link across the Channel a few weeks' further delay is unlikely to cause much concern. Indeed, the Government is optimistic that one of the schemes will be approved by the end of the year.

The most recent of the schemes submitted is also the cheapest so far, costing only £635m at 1980 prices, little more than a year's funding for BL, as one hopeful contractor put it this week.

European Channel Tunnel Group, which comprises certain British building and civil engineering company, and three other leading Community contractors, envisages a bored, single-rail track tunnel, 10.5 miles long, with a financial advisers, say that the group would manage, design and build

the project in collaboration with British Rail and SNCF, the French railway system.

The group has also assured the Government that private finance can be raised without guarantees from the public sector, thus meeting ministers' requirement that any Channel project should be commercially viable and not call on public finance.

Of the four other schemes submitted so far, two are for tunnels and two for bridges.

Tarmac, the Wolverhampton-based roadstone and civil engineering group, heads a consortium with plans for a two-track rail link, costing an estimated £1,750m. It is based on the Channel tunnel scheme abandoned five years ago.

British Rail and SNCF are working on plans for a 31-mile single rail tunnel, although the Department of Transport said this week that the partners may modify their proposals. At present, the cost of the scheme is put at £800m, with about a further £100m for terminals, at 1979 prices.

Road bridges are envisaged by two groups, who estimate the likely cost to be between £2,000m and £3,000m, with more ambitious provisions for rail and traffic adding an additional £800m. These are proposed by Euro-Bridge, a consortium including Felt Frischmann and Partners, and LinktoEurope, which is basing its proposals on designs by Freeman Fox and British Steel's Redpath Dorman Long.

The remaining potential challenges to build the link are expected to be British Steel, a consortium involving Taylor Woodrow, Edmund Nuttall and Balfour Beatty, which says that it has "expressed an interest" in an Anglo-Dutch group, comprising Wimpey and Royal Völkner Stevin.

The British Steel scheme is likely to prove the most ambitious and, probably, the most expensive. Advised by Lazarus, the state-owned corporation is understood to be drawing up plans in conjunction with McAlpine and Moss Hay Andriani for a dual-tunnel offering a range of road and rail options, costing between £4,600m and £5,000m. One advantage of the British Steel scheme is that it could bring up to 80,000 jobs for six years in north-east England.

So far, the British Rail/SNCF scheme has been singled out as the favourite one, and Mr Fowler told the select committee last November that the British Rail board was confident of its success.

The schemes submitted so far show plenty of imaginative engineering, but a shortage of this has never hindered Channel tunnel or bridge projects. If both recent and distant history are anything to go by, the obstacles are more political and financial.

Prospective investors are still concerned that the link could become a pawn in cross-Channel power politics. Almost certainly, some form of treaty between the British and French governments would be needed to clear the way for a start to be made.

If political guarantees could be given to convince potential investors that governments would not interfere, the chances of raising sufficient private capital would be greatly improved.

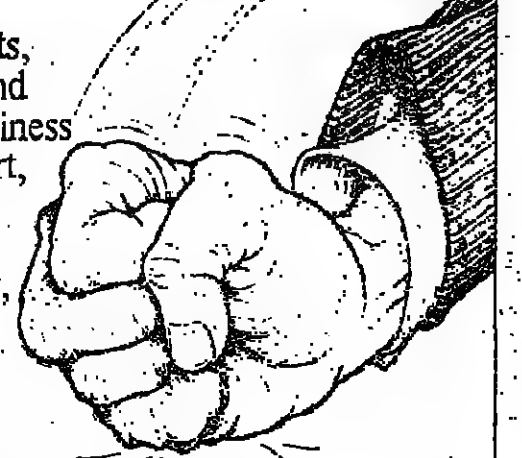
Meanwhile, Mr Fowler will be helped in his final choice of scheme by a study of the likely financial feasibility of a Channel link which is being carried out by a consortium of merchant banks.

John Huxley

## IT'S TIME FOR BUSINESSES TO TAKE A STAND.

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For details about booking a stand, write to: The Sunday Times Business to Business Exhibition, c/o Silver Collins & Co. Ltd., 227 Tooley Street, London SE1. Or phone 01-407 4046.



## Business Diary: Paper tigers? • 'Parker must stay'

Three tons of waste paper, ideal for recycling as packaging material, cardboard, rough copy newspaper and the like, will be dumped this morning on the doorstep of the Department of Industry at Ashdown House, Victoria Street, London.

Although the delivery has been arranged by the campaigners of Friends of the Earth, the action is a protest supported by waste paper merchants, voluntary groups and individual householders throughout Britain who are frustrated at the collapse yet again of the waste paper market.

In an era when cuts and savings are the first priority of government departments, the environmentalists are astonished that the arguments for saving resources by recycling waste are not appreciated, particularly as the paper making industry is the sixth largest user of energy.

Recycling can save more than £500m in imports if a serious effort is made in this field. Moreover, it would make an important contribution to saving the world's forests which are being cleared at an increasing rate.

But the strong pound has produced another instance of it being cheaper to import expensive paper products or valuable virgin timber rather than developing a stable commercial trade in recycling.

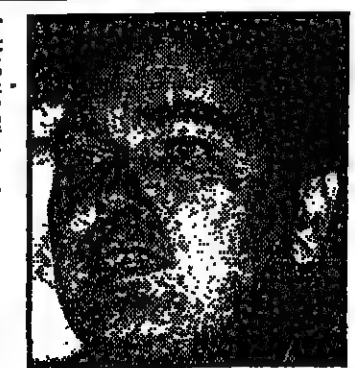
Yet the arguments made recently by other industries, to chemicals, about the disadvantages of high energy prices to United Kingdom companies applied equally to the activities of their less sophisticated brethren.

British Rail chairman Sir Peter Parker, whose contract expires in September this year, has received a heartfelt plea from the industry's white collar union, the Transport Salaried Staffs Association, to stay on in his job.

Tom Jenkins, general secretary of TSSA, makes the appeal in the latest issue of the organization's journal. He says that he believes that Sir Peter has the interests of the industry at heart.

"We have always found him very fair in our dealings with the board and, at this particular time, continuity at the top is most essential in meeting the difficulties facing the railways".

Against the background of recession-induced problems of BR, the Government-inspired plans for privatization of some of its activities and the threat to jobs as a result of both, the TSSA appeal for Sir Peter to stay is unusual, Jenkins admits. But he and his 69,000 members



Sir Peter Parker.

(fewer than half those in the National Union of Railwaymen, but more than double the membership of Say Buckton's Associated Society of Locomotive Engineers and Firemen), believe that Sir Peter has been good for BR.

The BR chairman's extrovert

manner, his penchant for the catch-phrase and the emphasis on improving the image of the railways (and the quality of BR's service) have largely endeared him to the TSSA general secretary, although even he admits that the unions are not prepared to go all the way with some of Sir Peter's thinking.

When Sir Peter will stay on beyond September 11 this year remains to be seen. He has been in the job since September, 1976, when he took over from Sir Richard Marsh. The post commands a salary of £48,000, far less than a man of Sir Peter's calibre could expect to receive in the private sector.

He has already let it be known that for family reasons he would prefer to go this autumn. Bearing in mind the trouble which the Government has had finding men to take over state industries in the past couple of years the search for a successor may not be easy.

For Capital Formation, the non-profit research group, can look forward to a period of considerable influence. He will not be in the government but so many of his friends will be that his views will be heard. He is particularly pleased that two directors of his Council for Capital Formation have won top posts.

One of these is Murray Weidenbaum the new chairman of the Council of Economic Advisers and the other is Norman Ture, undersecretary of the Treasury for tax policy. Walker describes Ture as "the real godfather of supply side economics".

It was an awkward one, even for a seasoned politician, when Mrs Sally Oppenheim, Minister for Consumer Affairs, was lashed with the leering row in the cutlery industry over the imports of stainless steel blanks from the Far East. These are finished off in Britain and sold as cutlery.

When Mrs Oppenheim was made in Sheffield, it was a matter of some responsibility at the Department of Trade have recently been expanded—covering service areas from tourism to films—has in the event acted without fear or favour. A special "country of origin" marking order, covering silver-plated stainless steel cutlery, came out yesterday, which lays down that in future the national origin of stainless steel blanks will have to be shown.

If they are silver-plated in Sheffield that can also be indicated to the consumer.

The controversy caused so much heat because the import penetration by stainless steel cutlery in Britain is well over 90 per cent. Although Mrs Oppenheim's decision will cool things a little the Government is still considering a working party report on the industry which recommended import controls on some low-cost cutlery and various forms of assistance for the British industry.

Ross Davies







	Feb 4	Feb 3	Feb 2	Feb 1	Jan 31	Jan 30	Jan 29	Jan 28	Jan 27	Jan 26	Jan 25	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20	Jan 19	Jan 18	Jan 17	Jan 16	Jan 15	Jan 14	Jan 13	Jan 12	Jan 11	Jan 10	Jan 9	Jan 8	Jan 7	Jan 6	Jan 5	Jan 4	Jan 3	Jan 2	Jan 1	Dec 31	Dec 30	Dec 29	Dec 28	Dec 27	Dec 26	Dec 25	Dec 24	Dec 23	Dec 22	Dec 21	Dec 20	Dec 19	Dec 18	Dec 17	Dec 16	Dec 15	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Dec 6	Dec 5	Dec 4	Dec 3	Dec 2	Dec 1	Nov 30	Nov 29	Nov 28	Nov 27	Nov 26	Nov 25	Nov 24	Nov 23	Nov 22	Nov 21	Nov 20	Nov 19	Nov 18	Nov 17	Nov 16	Nov 15	Nov 14	Nov 13	Nov 12	Nov 11	Nov 10	Nov 9	Nov 8	Nov 7	Nov 6	Nov 5	Nov 4	Nov 3	Nov 2	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Oct 27	Oct 26	Oct 25	Oct 24	Oct 23	Oct 22	Oct 21	Oct 20	Oct 19	Oct 18	Oct 17	Oct 16	Oct 15	Oct 14	Oct 13	Oct 12	Oct 11	Oct 10	Oct 9	Oct 8	Oct 7	Oct 6	Oct 5	Oct 4	Oct 3	Oct 2	Oct 1	Sep 30	Sep 29	Sep 28	Sep 27	Sep 26	Sep 25	Sep 24	Sep 23	Sep 22	Sep 21	Sep 20	Sep 19	Sep 18	Sep 17	Sep 16	Sep 15	Sep 14	Sep 13	Sep 12	Sep 11	Sep 10	Sep 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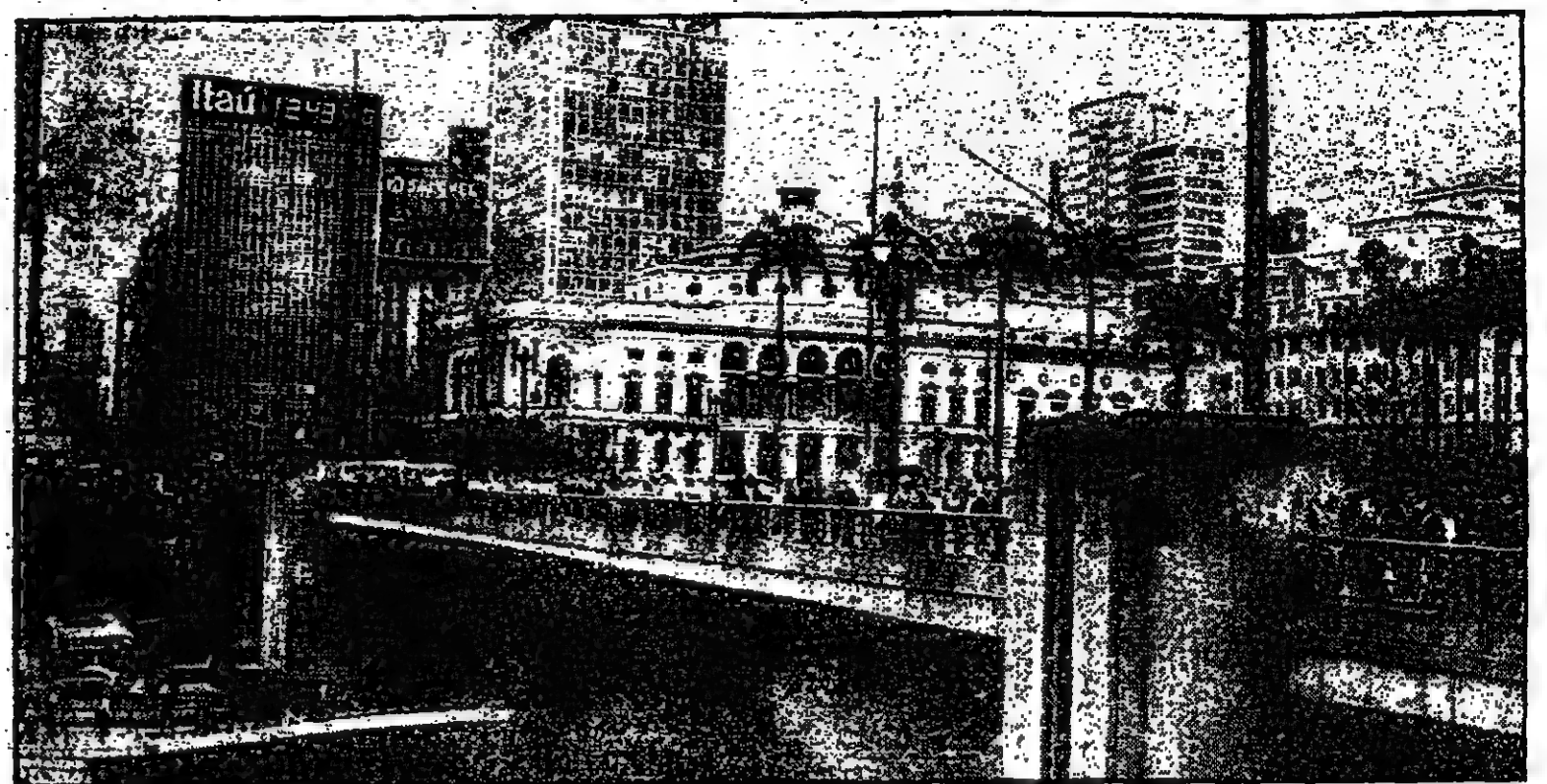






United Nations experts predict that, if present trends continue, six cities of the world will each have more than 20 million people by the year 2000. Peter Strafford describes the biggest urban magnet in South America, which the population specialists say could have 25,800,000 inhabitants by the end of the century

# SÃO PAULO



In 1872, when the first Brazilian census was taken, São Paulo had a mere 31,000 inhabitants and was only the tenth largest city in the country. Today, with more than eight million inhabitants in the city itself and with a total of 12 million in the metropolitan area, it is the largest city not only in Brazil but in the whole of South America.

And it is still growing. By 1990, according to official projections, the city alone will have about 11,500,000 inhabitants. Population experts at the United Nations have estimated that if present trends continue, the metropolitan area could have a population of 25 million by the end of the century.

São Paulo owes this situation to its dynamism as the industrial, financial and commercial capital of Brazil. It is a big, bustling city, which has attracted people from all over the country, drawn by the hope of earning more money than they could ever dream of in such backward regions as the north-east.

It has also absorbed, to a greater or lesser extent, large groups of immigrants from overseas. Over the past 100 years, Italians, Portuguese, Spaniards, Japanese, Germans and others have settled in São Paulo, making it as racially diverse as New York or Chicago, and with much the same sense of urgency.

The rapid growth has caused enormous problems, with the city's facilities failing to keep up with the increase in population. Like the rest of Brazil, São Paulo presents big contrasts between rich and poor; there are comfortable residential areas for the better off, and others where the inhabitants are destitute.

At the same time there is a distinctive sense of purpose about the city which

makes it resemble a Latin version of one of the industrial cities of the United States. People work hard in São Paulo, and middle-class Paulistas affect to look down on Cariocas, the inhabitants of Rio de Janeiro, as pleasure-lovers who want to do nothing but lie on beaches.

It is not a beautiful city, in fact, but one of two broad avenues, some good modern buildings and a few parks. Its central area is a forest of tall buildings, but even there the overall impression is of shabbiness and lack of planning, the crowds of people in the streets making it seem like an anthill.

Further out there are stretches of industrial wasteland and, on the outskirts, the favelas or shanty towns where the poorest inhabitants live. As the city has grown it has spread farther and farther over the surrounding countryside, and the underprivileged often have to live a long way out.

São Paulo is not just the city, but the whole state of São Paulo, with a population of 24 million and an area about that of the United Kingdom. Much of Brazil's coffee is grown in the state, for instance, and it was that which laid the foundation for the city's prosperity in the days before industrialization.

Paulistas like to boast that the state's economic product is comparable to, if not superior to, that of the whole of Argentina. That may not

be quite true, but certainly São Paulo is much the richest of the states that make up Brazil, and there is a world of difference between the resources available to it and those of the poor states of the north-east, for instance.

There have been times in the past when São Paulo dominated Brazilian politics, providing many of its presidents. There was even an occasion in 1932, in the days of Getúlio Vargas, when the state declared an armed revolt against the central government. In Rio, and some Paulistas talked of demanding secession and setting themselves up as an independent sovereign state.

Nowadays the state's objectives are less ambitious, and São Paulo has become more contented, but São Paulo continues to have great influence in a number of areas. It has its own publicly-owned airline, for instance, Vasp, which flies all over Brazil. It is also influential as a centre for the arts and for social movements of various kinds.

Paulistas claim that the University of São Paulo, founded by the state, is the best in Brazil; and they talk proudly of the city's theatrical life, comparing it as they do everything, with Rio. For a Brazilian artist who wants to make his name, São Paulo, not Rio, is the place to come to.

The Roman Catholic church in São Paulo is headed by Cardinal Paulo Evaristo Arns, the Archbishop of São Paulo, who has been in the forefront of church moves to show more concern for issues of human rights and social justice. At the time when the military regime was carrying out policies of severe repression, he spoke out against torture and other abuses; today he is more concerned with the plight of the workers and the poor.

Brazilian trade unions have not traditionally been strong, unlike the situation in Argentina. But a powerful movement has grown up among the metalworkers of the São Paulo area, who have set the pace for the country as a whole; and they have had church support.

Their leader for some time was Senhor Luis Inácio da Silva, known as Lula. During a strike last year he was removed from office by the Government, which put in its own men to run the union; but he has formed a new political party, the Workers' Party (PT), which is intended to attract national support.

It is not certain that São Paulo will continue to grow at the same hectic pace as it has in the past. It is noticeable that among the planners of the state government, outlining the abysmal conditions in which the poorer inhabitants of the city live, São Paulo is no longer the magnet it was for migrants from other parts of Brazil. There is a decline in the building industry, they say, and that has meant that migrants from the north-east are tending to go to states further inland, such as Goiás, Rondônia and Mato Grosso, which are now being developed.

Efforts are also being made to be more selective about new industries wanting to establish themselves in São Paulo. Those likely to

add to the existing levels of pollution are being either refused permission or else compelled to observe stricter standards. Those using advanced technology are being encouraged.

There is, however, no denying the need to improve the quality of life of the less affluent Paulistas, and to prevent general standards from deteriorating further. In Brazil's present economic crisis, it will not be easy. In an article last year on the 1980s, *O Estado de São Paulo* commented gloomily that there were only a few areas in which the quality of life would improve.

There would be a reduction in air and water pollution, it said. But public transport would be badly affected by the increase in the price of oil, and the traffic would be made worse by a doubling of the number of cars. Noise would become unbearable in many parts of the city. It quoted a health official as saying that about 300,000 babies would be born each year, but that there would be little improvement in nutrition, schools, housing, wages or transport. Crime, already a serious problem, would increase further.

Not was there much prospect of improving São Paulo's roads—7,500 miles long and only half of them paved and provided with lights—or the lot of those who have to make long and uncomfortable journeys into work every day, whether by overcrowded bus or train.

São Paulo has its problems, some of them deriving from its rapid growth, others, at least according to the church and other opposition critics, from the nature of the military regime. The largest and most dynamic city in Brazil offers opportunities to many, but also discomfort or worse to many others.

## Economic giant that slept politically for years

Although São Paulo has been the most economically powerful state in Brazil for the past 50 years, it is only in the past five that it has come to have a similar status in the political life of the nation. At the beginning of the century São Paulo saw some of the most important strikes in Brazil, organized by anarcho-syndicalist Spanish and Italian descent, but it has only been in the wake of the strikes of the past three years in its minor manufacturing suburbs that São Paulo has once again become the most politically conscious and active state of the union.

Why, compared with such economically weaker states as Rio de Janeiro, Minas Gerais, and Rio Grande do Sul, has São Paulo sent so few presidents, either political or military, to the capital? The great strikes of the early part of the century occurred before the phenomenon which has typified São Paulo state—migration. This has meant that at most times during this century there have been more people living in São Paulo who were not born there than Paulistas themselves. Once the force of the politically conscious immigrants (from Europe had spent itself, these men were replaced by migrants of another sort—poor, usually illiterate men and their families who

As well as crippling working class organizations in São Paulo, the relative prosperity of the state also inhibited the three major parties of Brazil in making progress there. The União Democrática Nacional (UDN), the Partido Democrático Social (PDS), and the Partido Trabalhista Brasileiro (PTB) made little impression in São Paulo, and in their place a series of populist leaders, such as Senhor Ademair de Barros and Senhor Jânio Quadros, came to take their place.

The present governor of the state, Senhor Paulo Salim Maluf, is very much in the populist tradition. But Governor Maluf, who took office in 1979, was somewhat against the wishes of President Figueiredo, whose candidate he managed to defeat in an indirect election, has proved totally incapable of behaving in the time honoured populist fashion. Governor Maluf, a swash-buckling politician of the old style, has raised eyebrows among the traditionalists in the state because of his methods, but he is a man with solid achievements in previous posts in São Paulo's public administration. He started his term of office with the loudly proclaimed aim of moving the state's administrative capital hundreds of miles inland from the crowded and chaotic city of São Paulo.

This was one of the main planks of his successful election, as Senhor Maluf had raised much support from public men in the interior who resent their subservience to the distant city of São Paulo. The idea has many merits. São Paulo, a state the size of West Germany, is totally dominated by the capital, where half the Paulistas live. The success of Brasília in moving the country's centre of gravity to the west has shown such a move can work.

Critics say the huge sums such a move would cost would be better spent improving the city of São Paulo. But money which in the nature of things in Brazil might well be found for a new capital—a project in which many fortunes would no doubt be made—would never be found for improvements in São Paulo itself. Also, the more attractive São Paulo is made the more people will flock to it. Governor Maluf lost this argument, voted down by a hostile state assembly. He likes getting out and about in a flamboyant manner, but now finds it almost impossible to make the public appearances he would like because of hostile public reception almost everywhere. If São Paulo is now the most politicized state in the country, it is also increas-

ingly becoming a bastion of opposition, and this is a concern to the central Government, keen to retain power in the elections to be held next year. Apart from elections for both houses of Congress, and for state legislatures, there are to be direct elections for state governors, the first in almost two decades.

On the face of it it looks as if the veteran candidate of the Movimento Democrático Brasileiro (PMDB), Senhor Franco Montoro, now one of the two senators for the state, would win easily. But Senhor Montoro has also been left behind by the recent formation of new popular organizations encouraged by the church, which have led to the formation of the Partido dos Trabalhadores (Workers' Party).

He is fundamentally a populist leader and increasingly vulnerable in the refined political environment of São Paulo. The aim of the central government for São Paulo, as it is for all the states of the country, is to attempt to split the opposition as a tactic for getting its own man elected.

One politician who will probably benefit from this strategy is the still controversial ex-president Jânio Quadros, who resigned the presidency in 1961 and can, to some degree, be held responsible for the subsequent breakdown of democracy in Brazil. Senhor Quadros has now allied himself with the tiny rump of the PTB, the Brazilian Labour Party. The main bulk of this small party, led by Senhor Leonel Brizola, which laid the foundation for the city's prosperity in the days before industrialization, has little expression in São Paulo. However, Vargas, "the man with the New broom", strikes a chord with many older Paulistas, who feel he was pushed out of presidential office in 1961 by "dark forces" and are likely to vote for him.

The revival of Quadros, encouraged by the Government, has also given a new lease of life to the followers of his traditional enemy, Senhor Ademair de Barros, still snarling from the fact that their man never made it to the presidency while Quadros did, and they may field a candidate too, further splitting the vote.

It remains to be seen what Lula's PT, the Workers' Party, will do. Senhor Luis Inácio would like to stand, and recent opinion polls have shown that he would stand a good chance of being elected governor. His forceful per-

sonality, his close identification with the migrant from the north-east, with so many Paulistas, and the fact that he is really the only man around with completely clean hands make him an attractive proposition to many voters, middle as well as working class. Later this month Lula is due to stand trial on two charges of violating national security laws.

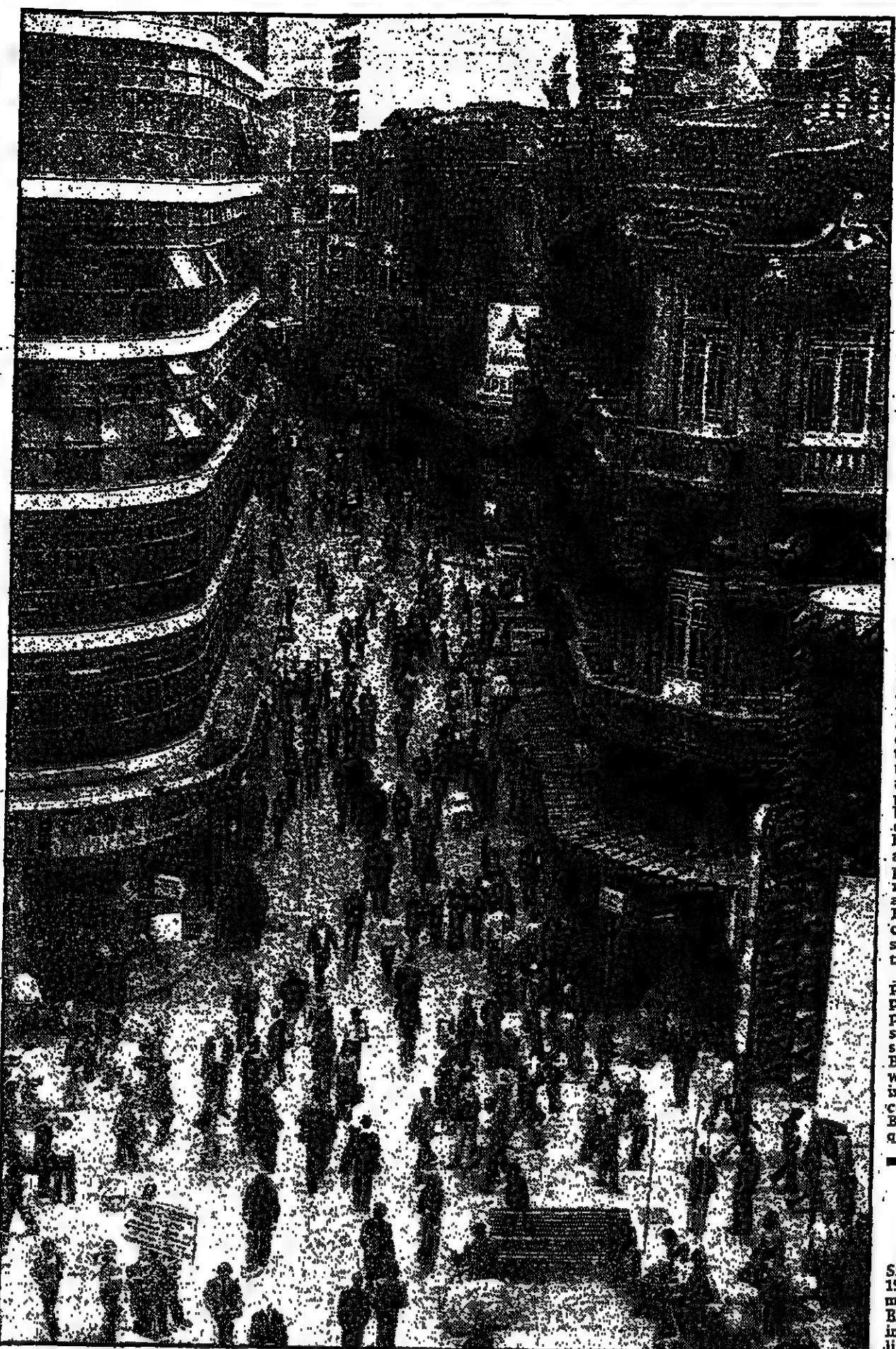
One is for incitement to strike, the other for incitement to class violence. It is conceivable that he will receive some punishment, even imprisonment, which would remove him from politics for some time. In any case, if he were to stand for governor and win, it is doubtful whether he could be absorbed by the system and it is unlikely that he would be allowed to assume office. Many are urging caution for fear of precipitating a crisis, and a return to more arbitrary government. The communist party, now allied with the PMDB, is urging this line.

Relations between São Paulo and Brasília are always a fascinating topic for discussion. Long gone are the days when there was a risk of São Paulo seceding from the federation. The state now needs the rest of Brazil more than the rest of the country needs it. Although so few presidents have come from São Paulo

in recent times, it has usually been able to capture for itself perhaps an even more important post, that of finance minister. However, under the present electoral system, which allows a maximum number of congressmen from any state, regardless of population, and only two senators per state, regardless of size, São Paulo returns far fewer members per head of population to Brasília than any other state. Because São Paulo is increasingly a state of opposition in Congress, this imbalance is unlikely to be modified easily. There may be some changes in the electoral rules before 1982, in an attempt by the Government to hold on to power. At present, votes can be cast for any candidate in any ballot box in the state, and those candidates with the largest number of votes throughout the state are elected. It is felt that altering this system to the British one, of constituencies, might alter the balance in favour of the government party, and this may be adopted before 1982. Under the existing rules, voters may vote for candidates of different parties for both local and federal government posts. These elections are to be combined in 1982, and the rules may be changed to require electors to choose all candidates from the same party.

Patrick Knight





The Rua Direita, the commercial centre of São Paulo.

## 'Locomotive which pulls Brazil'

Sao Paulo is often referred to as the "locomotive which pulls Brazil", and although the state is responsible for this description is deeply resented by most of the other 21 states which form the Brazilian federation. It is a substantially true. Much more than in the case in countries which have grown over a far longer period, Sao Paulo state, which comprises only 3 per cent of Brazil, yet which concentrates about a fifth of the population, almost half of industry, and more than a third of the country's total wealth, is the nation's leading state in every sphere.

Partly because of its own natural advantages, but probably more because of the nature of communications in the second half of the twentieth century, in a country where aircraft frequently replace the stagecoach, Sao Paulo has an importance which it is difficult to appreciate from an old world, or even a North American, standpoint.

Sao Paulo is not the nation's capital, yet it concentrates almost half of the nation's industry, pays almost half its taxes; most of the banks have their head offices there, and the state is responsible for 16 per cent of the country's agricultural output. Few states approach the levels of farm productivity of Sao Paulo either, and increases of farm output in the state, which have been more than 7 per cent in each of the past three years, have almost all been accounted for by increased productivity rather than the incorporation of new lands as is the case elsewhere in Brazil. The average per capita income of Sao Paulo state is about \$3,000—almost twice the national average.

Although Sao Paulo is important as an agricultural producer, it is its industrial predominance which is most striking. The state is responsible for 36 per cent of Brazil's industrial output, while 120 of the 170 most important multi-national companies operating in Brazil have their headquarters there. Equally as

important, and probably more so in the future, is that it provides a sufficient food—far higher than anywhere else in Brazil. Sugar is the most important crop, and the state produces almost half—of Brazil's 7,500,000 tonnes production.

But perhaps more interesting is that it distills two thirds of the alcohol now made. About 2,500 million litres was distilled in 81 refineries in the state last year, and if all goes to plan, Sao Paulo will have tripled its output of alcohol by 1985, to provide the bulk of the nation's supply.

It is available by then. This will be enough to power about five million cars. As more than 40 per cent of Brazil's fleet of 7,500,000 vehicles are registered in the state, this is not surprising, but it is causing some major problems. The first is that vast areas of the state which previously grew a wide variety of subsistence and food crops, such as maize, rice, beans, vegetables and cotton, as well as castor oil for lubrication, are being turned over to subsidised sugar cane production.

Apart from the long-term physical risks of monoculture, this is also having a negative effect on the rural population, which is less than 10 per cent of the state, and by far the lowest proportion in all of Brazil, where a third of the population lives in the countryside. Many farm workers are being pushed off the land into the towns and cities, or even forced to leave the state for Amazonia. It is probable that some form of land zoning will be introduced into the state in the near future, despite the Government's innate reluctance to interfere with the laws of the market.

This will be the only way to avoid a situation whereby foodstuffs have to be carried by lorry for hundreds, even thousands, of kilometres from neighbours, passing through subsidised sugar cane fields on their way. However, although sugar

is increasingly important to Sao Paulo, about a fifth of Brazil's coffee is still grown in the state, and it is an important export earner, contributing to the \$7,000 million Sao Paulo's exports earned in 1980. However, the coffee bushes are gradually being shifted to states to the north of Sao Paulo and Paraná, partly because of the increasing severity of frosts in recent years.

Coffee was probably the greatest single factor in making Sao Paulo the important coffee production and its export brought to the state at the beginning of the century enabled the first industries to be built up. This industrial base and its workforce attracted the more modern industries which have come to replace the textiles and food processing, which were predominant until as recently as the 1950s. As well as industrial growth, Sao Paulo has diversified its agriculture enormously in recent times. Soybeans have become important, and while the state is still the most important cotton producer, the area planted to it has shrunk, although productivity has largely kept output constant.

Another newcomer is citrus. Those of you who have frozen orange juice for breakfast are almost certainly enjoying something which has travelled to your table from Sao Paulo. This would not have been the case only five years ago, but since then, Brazil has come to be responsible for 80 per cent of the orange juice consumed around the world, and 90 per cent of the country's output, almost all of which is exported, comes from the massive new plantations and processing plants up state.

This is only the latest of many booms in Sao Paulo, and although over-optimism has resulted in too many bushes being planted in the past few years, and there is now a glut of juice, something like \$300m is being earned each year from

orange juice exports, which demand still grows strong. Like most of Brazil, the state is being encouraged to put ever greater emphasis on agriculture, to help to prices, at a time when inflation is running at more than 100 per cent. The economy of the state, as that of the country as a whole, is last year at an unexpected and to many rather welcome, 8.5 per cent, more than that in industry. Inflation is encouraging people to spend more on consumer goods, and investment have dropped worrying levels.

Measures taken since the central Government on top of sharp cuts in public spending, and working through the economy and will almost certainly mean that Sao Paulo is as hard as it not has, than the rest of the country this year and next. Growth rate of only 5.1 per cent is expected in 1980, 1.1 that of Brazil as a whole does not show signs of slowing.

Those in charge of the state's economy are reluctant to opt for monetary solutions, which are producing such controversial results in the countries where they are being tried, as Chile, Uruguay, Argentina, and Britain. However, even the present limited slow reduction in the number new jobs available in the state in the past few years.

Still, with the prior being given by this Government to exporting and agriculture—two of Sao Paulo's strong points—the state should escape the worst of any recession, although nobody now expects the high growth rates of the 1960s and 1970s to return.

Patrick Knight

## Banking groups' rapid expansion

Since the military coup in 1964, banking has been the most favoured area of the Brazilian economy. According to Banco Lar, which is linked to Chase Manhattan Bank, the bank's share of national income doubled from 5 per cent in 1965 to 10 per cent in 1978. Reflecting the overall vigour of the Sao Paulo economy, banking groups from Sao Paulo have expanded particularly rapidly and it has now replaced Rio de Janeiro as the country's main financial centre.

Banking has also gone through a savage process of concentration over the past three decades, as banks have fought bitterly for survival. There are now 106 banking groups, compared with 400 in 1950. Sao Paulo has taken the offensive in this struggle; six of the country's 10 largest private commercial banks and seven of its 10 leading investment banks are now based in Sao Paulo.

Brazil's largest banking conglomerate, the Bradesco group, is based in Sao Paulo. It controls the largest private commercial bank, the largest investment bank and the second largest finance house. It also has interests in property, insurance and printing, and has diversified into such unlikely areas as cattle rearing in the Amazon and, more recently, the manufacture of computer software.

The group was founded by Senhor Amador Aguiar, one of Brazil's most successful self-made men. Senhor Aguiar came from a poor peasant family, and never acquired the urban sophistication generally associated with a successful banker. He started his career in banking as an office boy, and built his empire through a mixture of shrewd business sense and dedication to an extreme form of evangelical Christianity.

The headquarters of the group, on the outskirts of Sao Paulo, is called the City of God. It houses about 800 families, most of whose members work for the group. In the early days the company established strong relations with its employees, providing housing, education and medical services but paying low wages.

With the group's rapid expansion, this paternalism has begun to falter; it may well decline further, as Senhor Aguiar moved into semi-retirement last year.

The group built up its strength by concentrating on expansion in remote areas where banking services had previously been unknown. As Brazil's agricultural frontier has moved back rapidly in recent decades, and as vast areas of previously unoccupied land have been turned into rich agricultural fields, this strategy has worked well.

About 480 of Bradesco's 1,250 agencies were opened as "pioneer" branches. The policy has paid particularly high dividends since 1973, when the Government, anxious to prevent the emergence of over-banking, banned the opening of new agencies, with the exception of "pioneer" branches. This rule was rigorously enforced until December last year, when the Government was forced to give way to the banks' repeated demands for new agencies, and authorised the opening of another 800 branches, about 7 per cent of the present network.

Traditionally, Bradesco concentrated its efforts on building its strength inside Brazil, and has paid scant attention to the outside world. However, this is beginning to change. One of the first steps was to take in foreign banks as shareholders in the investment bank. A European group—Deutsche Bank, Société Générale, Amro Bank and Creditanstalt—and the Sanwa Bank of Japan both have a 10 per cent stake.

The next decision, taken as recently as last December, was to open agencies in New York and London. Significantly, the announcement came after the first board meeting chaired by Lázaro de Mello Brandão, who has finally taken over the presidency of the group from Aguiar. Bradesco commenced after the meeting: "It is quite unacceptable that a bank of our stature should remain outside the constant process of internationalization of our economy."

He said that the opening of foreign agencies would help Bradesco to provide more effective assistance to the country's export drive, since it would be better placed to contract foreign loans to pass on to Brazilian companies.

All the commercial banks have been striving to strengthen their links with the international financial markets. Brazil's balance of payments difficulties have meant the imposition of stricter limits on the expansion of bank credit and the money supply. Banks have been driven to seek loans abroad, a development that is firmly encouraged by the Government.

Predictably, foreign banks are in a particularly favourable position. Even before the present credit squeeze, foreign banks had strengthened their position. In 1974 the deposits in the hands of the 16 leading foreign banks operating in Brazil accounted for 11.9 per cent of total deposits in the private commercial banking sector; by 1978 the share of the foreign banks, which numbered 19 by then, had risen to 14.2 per cent. Because of the large expansion in banking turnover in this period, the real increase in their activities was much greater.

Sue Branford

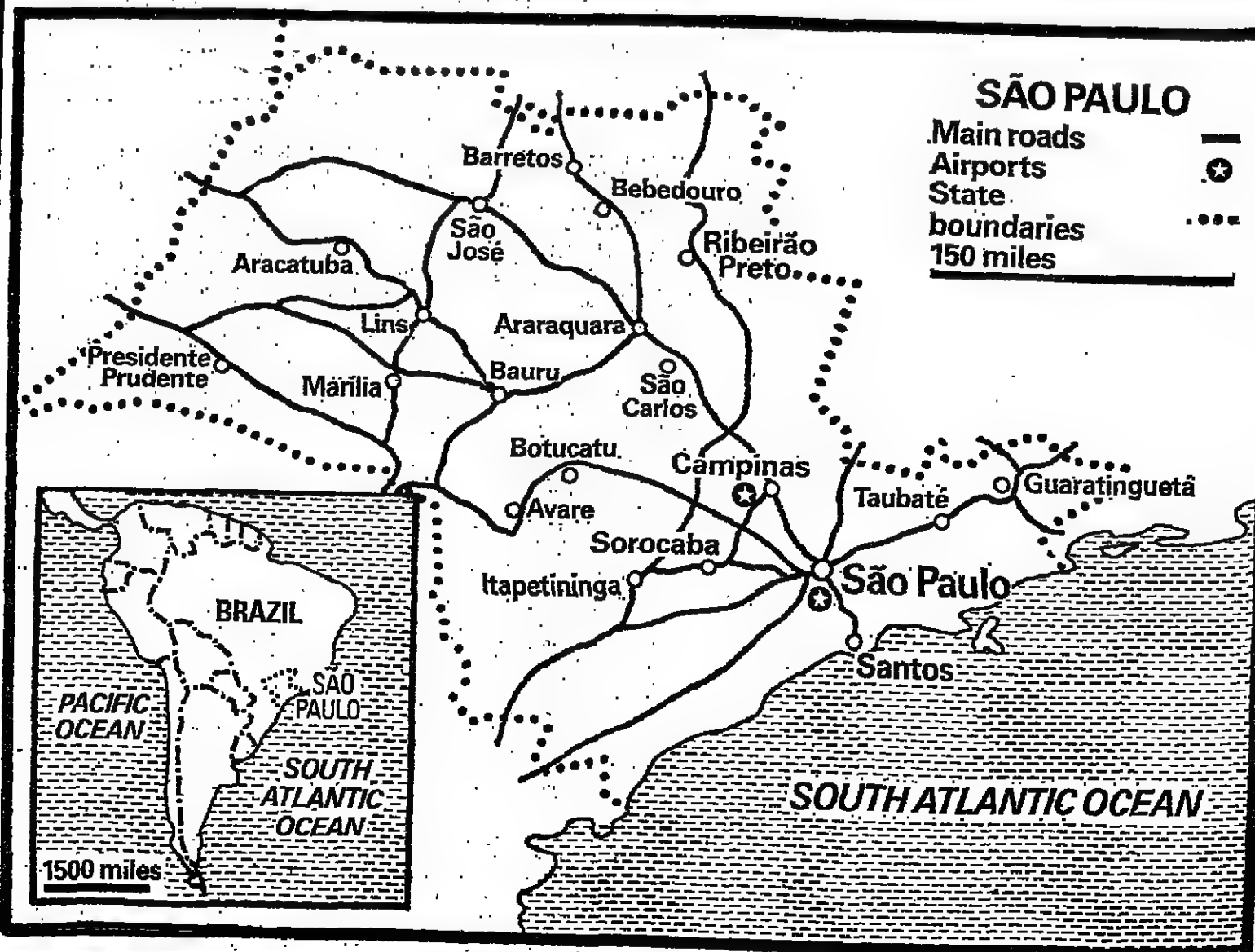
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## Workers may face lean period after 'miracle' years

No government wishes to have to face the social and political problems brought about by recession and the unemployment that accompanies it. This is the prospect, however, that awaits not only Sao Paulo but all Brazil if the recent changes in economic policy achieve their intended effect.

After a decade of economic growth, there are several factors in the recessionary equation which the Government must be wishing were different. Poverty, for example, is still widespread, and social security provisions for assisting the unemployed are limited and unevenly distributed by a grudging bureaucracy. More important, the recently revived labour movement is still on the rise, and with more than a decade of sacrifices fresh in its collective memory, is in no mood to bear the brunt of the lean period which now seems inevitable.

Unemployment and underemployment, that sociological euphemism for searching out a living when you cannot get a job, have traditionally been widespread in Brazil. In 1972, an official survey in greater Sao Paulo showed an unemployment rate of 12.9 per cent for men and 12 per cent for women. It made no estimate of underemployment, though other studies customarily show it to be well above the unemployment rate.

The dynamic growth of the economic miracle years (1969-74) was made possible at the shop-floor level by the incorporation into the workforce of large numbers of women and children, who had previously occupied a more marginal role in production. Moreover, the customary flow of job-seeking immigrants from other regions, particularly the north-east, became a flood, thus providing a pool of surplus labour which enabled employers to keep wages down, to replace workers lost to their prime (45 years) with fresh hands, and so on. Complaints were few as this was the period of repression, when the police held carte blanche to deal with the workers.

At the same time, the provision of resources to meet the social needs of the

rapidly growing population of Sao Paulo and other industrial centres was pitifully inadequate. Thus the new arrivals, whether in work or not, usually had no resort but the cardboard and corrugated iron shack of the shanty town, with its lack of running water, sanitary facilities, sewerage or public transport.

In 1974 Sao Paulo, despite its ugliness, seemed some kind of tribute to this form of growth. Poverty was still widespread, of course, and some social indicators, infant mortality for instance, had scarcely deteriorated, but the dynamism of the process was undeniable—output was shooting up, and most important of all, from the point of view of ordinary people, jobs were being created at a fast rate. The concentration of income was growing, but it seems likely that so was the real income of many workers, particularly the skilled, who were in short supply.

Eventually, it was argued, the real gains would spread down to the poorest. In the aftermath of the miracle, however, the twin problems of inflation and a deficient balance of payments imposed themselves once more. At the same time the atmosphere of repression lifted somewhat and opposition to the military regime slowly began to manifest itself once more, not only among liberal-minded sectors of the middle classes, but also on the factory floor.

In 1978 strikes broke out in the Sao Paulo industrial suburbs known as ABC (Santo André, Sao Bernardo and Sao Caetano). The strikes, the first for 10 years, were tolerated as the regime itself, then engaged in extensive reassessment of its long-term political strategy, was coming to the point of view that a policy of liberalization provided its most viable way forward. Real gains in pay were made in the strikes, which soon spread to other sectors, and which became commonplace in the following months.

Though dormant during the years of repression, the labour movement had not been dead. Within its ranks had been developed a thoroughgoing critique of the trade union structure, which



Construction workers in Sao Paulo, members of a workforce with whom maintenance of good relations poses a stern test for the Government.

modelled on classical fascist lines, is incorporated into the state apparatus. This critique now became the ideological backbone of what was known as the "authentic" trade-union movement, which had its origin in the metalworkers' union of Sao Bernardo, under its president, Senhor Luis Inacio da Silva (usually known by his nickname Lula).

It is not just the continuing vigour and vitality of the

authentic movement which preoccupies the Government; it is also its insistence on seeing the improvement of the workers' lot as a political issue. Moreover, the movement rejects the dependence on professional politicians which has tended to characterize Brazilian working class politics in the past. It has established its own Partido dos Trabalhadores (Workers' Party), which is rapidly gaining adherents, not only in the industrial cities, but also in many rural areas.

The Workers' Party is a unique phenomenon in Brazilian political life. It has introduced an unforeseen factor into the regime's strategy, based as it was on

the assumption that an eventual return to civilian rule would involve little risk since Congress consists of parties which function not according to ideological principle but on the basis of personal expediency.

The Government did make a half-hearted attempt to prevent the Workers' Party achieving legal registration, on the ground that it was class-based. But such a move could have been a dangerous provocation, and eventually the party proceeded to register itself without any impediment.

Meanwhile the authentic movement has shaken up the whole trade union structure, which previously was controlled by *pelegos* (union leaders), usually corrupt,

who are in the hands of the Government. The movement has won widespread support among workers by its readiness to fight for better pay; but its great threat, or promise, is its long-term aim of achieving legislative reforms to make the unions independent of the state.

This determination was a key factor in the huge strike of metalworkers in Sao Paulo last year. Some 300,000 workers initially came out in support of a package of demands. After a week they had half accepted a compromise wage settlement drawn up by the local labour tribunal. But 150,000 regarded their demand for the right to have shop stewards as more important than the

demand for higher pay, and stayed out even when the strike was declared illegal. The ABC area was to all intents and purposes occupied by the police and army, and the union leaders, including Lula, arbitrarily removed from office. When after 41 days they returned to work, their demands unmet, it was not because of the increasing level of police violence directed against them, but of economic hardship.

The Government was more than a little impressed by this display of what it termed "intransigency" and it was decided to break up the huge ABC metalworkers' unions into smaller units. Senhor Murilo Macedo, the Labour Minister, was sent

off to the United States to investigate the suitability of that country's trade union model for Brazil. And national security charges were brought against Lula and 12 other union leaders for their part in the strike. More charges were brought against Lula recently over a speech he made in the Amazon state of Acre after the murder of the local Workers' Party organizer.

Although both inflation and the balance of payments have worsened considerably during the past year, the economy, and industry in particular, has proved surprisingly resistant to attempts to slow it down. Last month's economic package signals acceptance by the

Government that a recession must be brought about. The target for growth this year is 4.5 per cent, very modest for a developing country and well below the 6 per cent needed to create enough jobs to keep unemployment and underemployment at their present levels.

Rising unemployment often dampens labour militancy. It is unlikely, however, that the authentic movement will remain quiescent. Rather, some time this year, the Government will probably face its sternest test yet in the kind of labour relations which its predecessors preferred to repress out of sight.

Nick Terdre

### ADVERTISEMENT

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The Sao Paulo Underground, the first to be introduced in Brazil, completed in 1980 six years of operation, has become firmly established as an important high quality collective transportation system. The policy to absorb underground technology, which Companhia do Metropolitano de Sao Paulo—Metrô applied during the design, construction and operation stages, along with the use of new operational strategies, extension of services, perfect maintenance and besides the fact that unexpected operational situations had been overcome with full success, confer to the Sao Paulo Underground performance standard.

Although only recent and with merely 23 kilometres in operation, the Sao Paulo Underground is one of the world's most dense considering the relations of transported passenger per kilometre of line. In the course of 1980, Sao Paulo Underground transported 208,573,919 passengers, reaching on the 22nd December its record per day—770,547 users.

### OPERATION

One of the characteristics to distinguish the Sao Paulo Underground is the operation's highly automatic level and decision centralization, providing the world's most advanced standards of safety and reliability. The automatic operation goes from the trains speed control, acceleration and braking, doors opening and closing, escalators reversion and electronic blockades, up to power supply and composition dispatch on the Parking Yard and Workshops.

Supervision and control of the entire operation are carried out through the Operational Control Centre by means of computers and electronic panelboards, with help of a radio-telephone communication system and TV closed circuit.

Another computer and two additional electronic panelboards connected to the Operational Control Centre perform the same function in the Parking Yard and Workshops.

The operation structure consists of the following sectors: movement (train movements along the line and in the yard), stations (interconnection system/public, terminals administration and operation of bus terminals, whether integrated or not to the Underground); the support sector is responsible for activities not directly related to the opera-

tion as such but necessary for a good performance.

### MAINTENANCE

The Maintenance sector, responsible for the operation of the entire equipment, employs pioneer labour in Brazil and uses all efforts to develop a technology of its own and improve its performance for a continuous upgrading of the system's reliability.

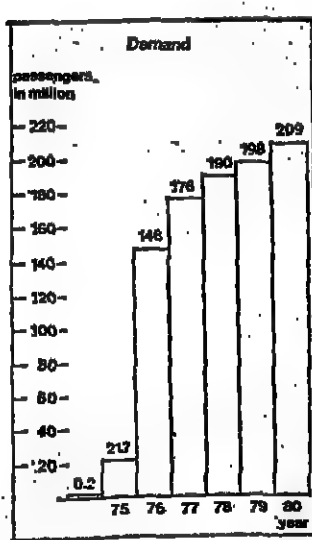
The maintenance of rolling stock are of three kinds: Preventive Maintenance, Corrective Maintenance and General Maintenance. At present, Preventive Maintenance is being programmed and developed, and each train component. On the other hand, and by means of researches, materials development is being achieved, with a view to substitute importations with Brazilian components.

Factors that contributed to the growing improvement of equipment performance were the betterment of preventive maintenance, studies on an equipment level making optimization of equipment used possible, training of maintenance personnel and the constant follow-up of maintenance activities on a detailed basis.

The results reached by the operation show that the Sao Paulo Underground has a permanent character. The enterprise is incorporated in the City and will continually have to enlarge its services with new lines and extensions growing with the metropolis and contributing to the social and economic development of Brazil in the irreversible role represented by the City of Sao Paulo. The basic underground system for Sao Paulo was defined in 1965, starting from economic-financial feasibility studies and preliminary engineering design. Due to urban changes of the City, this plan underwent an evolution with a view to transport integration and enlargement of the attendance area. Thus a priority system had been decided on, consisting of four lines, 65 stations and 70 kilometre extension.

### THE FIRST LINE

The construction of the first line started towards the end of 1968 and began its commercial operations in September 1974. Dividing the City in the North-South direction and crossing its geographical, banking, commercial and historical centre, it is 17 kilometres long, counts with 20 stations and its influence area comprises about 10% of the total metropolitan area with almost 30% of the population.



The stations are functional, making the passengers circulation easy and with quick access to the exits. Three of them are double, that is, they are the crossing point of two lines: Sé Station in the centre of the city, where North-South line crosses the East-West (2nd) line; the Luz Station, the crossing point of the North-South line and the Southeast-Southwest line; and the Paulista Station, where the North-South line crosses the future Paulista line.

On the South far end of the line are the Parking yard and workshops on an area of 260 thousand square metres; on the North far end, the Line will get a supplementary line in the future, increasing its extension.

Up to 1980, US\$1,346.6 millions were already applied to this line, at prices valid on December 1980. With the intention of improving the public attendance, principally diminishing the headway (which is today 21/2 min as a minimum) Companhia do Metrô is planning for the next year's additional investments in civil works, expropriations, rolling stock, systems, and studies and projects, amounting to US\$23.2 million.

### THE SECOND LINE

At the final stage of the North-South line construction, "Metrô de Sao Paulo" started the works of the second line, the East-West line. The route of this line serves an area with 43% of the metropolitan region's population and has the greatest urban employment concentration. Once it is totally installed, the East-West line will have a 25 Km extension and 20 Stations with a



great Parking Yard and work shops on the East far end and two more smaller yards, one on the West end and another intermediate one. Still in the West section, an integration terminal complex is foreseen, comprising the Underground, suburban and long distance trains, urban, intermunicipal and interstate buses, taxis and cars.

Commercially in operation since March 1979 with a first section of 2,300 metres which increased in August 1980 to 3,000 metres, and with four stations, the East-West line like the North-South line before it, furthers the transport's integration. In proportion to which sections are being finished and handed over for the public use.

Until 1980, the investments in this line reached the amount of US\$894.5 million, at December 1980 prices. For its completion investments are foreseen for the coming years, in the height of US\$788.7 million.

### THE THIRD LINE

The studies for the implementation of the third line have already been finished, with two proposed routes: the Paulista line and the Southwest line. The first alternative 15.6 kilometres long, will pass through the new commercial centre of the City, the Paulista Avenue, and will have 13 stations. The second line, 13.3 kilometres long, will have 14 stations.

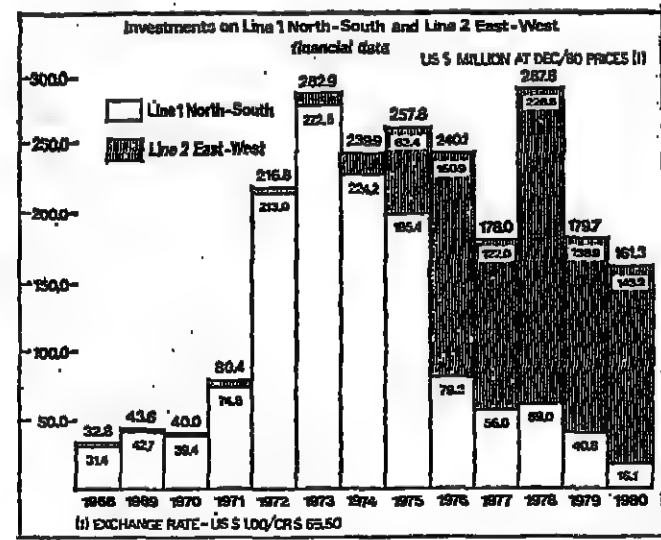
### FINANCIAL RESOURCES

In order to absorb the investment volume of the first two lines, the Companhia do Metrô counted with resources from the Federal, State and Municipal Governments, their own resources and funds from third parties, represented by loans and credits in currency and for material purchases, equipment and services. The Capital of Companhia do Metrô reached up to 1980 the

amount of Cr\$47,232.6 million with the following shareholders participation: Government of the State of Sao Paulo, represented by the Empresa Metropolitana de Planejamento da Grande Sao Paulo—Empasa (42.1%), Sao Paulo Municipality (41.0%), Federal Union Government, represented by the Empresa de Transportes Urbanos—ETU (16.0%) and other minor shareholders.

In order to complete the Companhia do Metrô's capital increase, both Sao Paulo Municipality and the State Government eventually resorted to foreign loans, where the participation of the London Financial Market is observed.

The funds from third parties taken by the Companhia do Metrô has as their aim to finance goods and services and the loans were assigned to cover the firm's general expenses. As from 1975, the Company had only taken credits to purchase goods and services; from that time on-



wards, the loans were raised by the State and Municipal Governments, who pass them over to Metrô in form of Capital.

The revenue coming from the operation of the two lines and from dues for the use of highway terminals managed by "Metrô" since the commercial operations start (September/75, North-South and March/79, East-West) until 1980, reached the amount of US\$147.4 million at December/80 prices. "Metrô" also counts with non operational revenues coming from rentals of shops and advertising panels in Underground stations and highway terminals and from other sources, amounting to US\$56.1 million until 1980.

### NATIONALIZATION

As a pioneer Underground work in Brazil, the North-South Line of the Sao Paulo Underground counted with Brazilian and international technology of highest standards and required the most perfect and elaborated equipment, some of which imported. Yet, the East-West line is already reaching excellent nationalization rates thanks to the Company's efforts, along with the Brazilian industry, in the sense of developing local raw material and techniques for the equipment. With regard to civil construction, the introduction of the Underground has brought about the development of new construction methods. It may, thus, be said that "Metrô de Sao Paulo" has already developed a "know-how" of its own in civil works and is now in conditions to transfer technology for similar implementations.

Also in the sector of operation and maintenance "Metrô

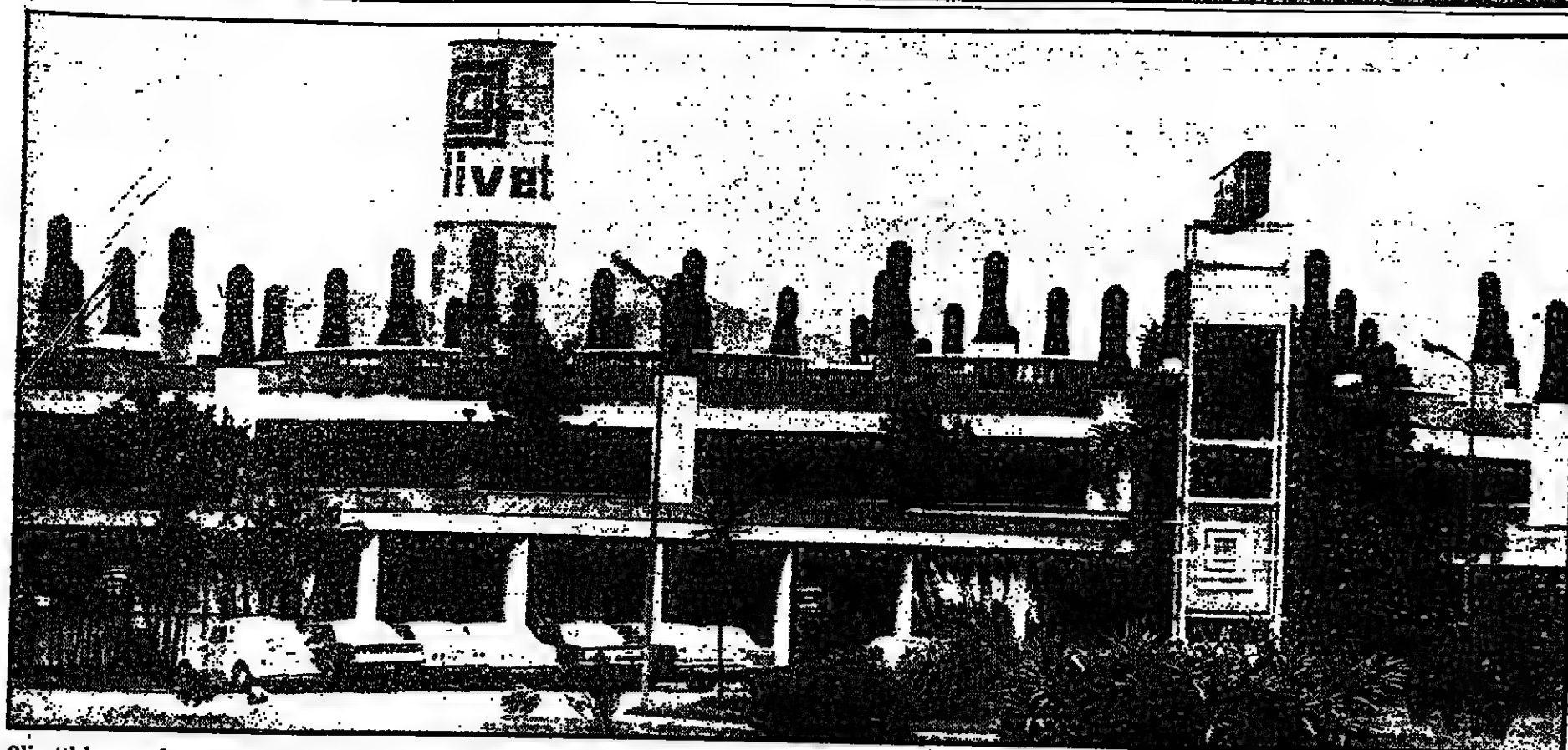
de Sao Paulo" developed high level methods. An example of this is the recent conclusion of training given to a first group of technicians of the Caracas (Venezuela) Underground, by means of a technical cooperation agreement signed between the two Underground companies.

The results "Metrô de Sao Paulo" obtained with regard to operations, transport capacity and receptivity from users population show how right the adopted solutions had been. The need to establish new underground corridors within the City became evident. These will constitute the vital part of an integrated transportation system in which other transportation means, whether collective or even individual play an important part as feeders.

In certain cases, acting more as an impelling renewing and City remodelling force, "Metrô" takes the opportunity to carry out the "surgery" necessary in deteriorated areas of the City. However, along its direct influence area and as it moves away from the City's central area, "Metrô" appears as an activator for new development, social and economic centres, so important for urban deconcentration.

In all this context, "Metrô" assumes the position—and is thus faced by the population—of a collective asset of urban utility of a significant social nature which provides direct and indirect benefits to the metro-polluted area of Sao Paulo, to the Brazilian economy and which induces to acquire new and better habits under conditions of social well-being.





Olivetti is one of several important international companies with factories in the city.

## The hub of industrial production

There are few major countries of the world in which one state has such an overwhelming proportion of total industrial production as Sao Paulo. Almost half the output of what is now the world's tenth largest economy is to be found in the state, most within 30 miles of the city itself.

There are various reasons. There are abundant resources of hydroelectricity, easy to harness; a climate which, because of the altitude of the city and surrounding areas, is, for most of the year, more conducive to hard work than in most of Brazil; the availability of the surplus capital from the early boom years of coffee production, when Brazil was responsible for almost 90 per cent of the coffee traded around the world, most of it from Sao Paulo state.

But it was not until the 1950s that Sao Paulo really began to diversify, and attain rates of growth which sometimes reach well over 10 per cent a year, with a huge influx of men, skills and capital from the rest of Brazil and, increasingly, overseas. Of the 170 multinational companies which have played so great a part in Brazil's recent development, 120 have their headquarters in the state.

It was during the Kubitschek government that Sao Paulo industry began to flourish, with the first major investments in the motor industry, and the building of such industries as steel, oil refining and electricity generating equipment.

Steel is one of the few industries in which Sao Paulo is not predominant. The important, and increasingly efficient, Sao Paulo Steel Company, Cosipa, is responsible for only a quarter of Brazil's steel output, which is concentrated in the states of Minas Gerais and Rio de Janeiro. This is because these states are nearer the reserves of iron ore, a raw material that Sao Paulo lacks.

However, the Cosipa plant has been one of Brazil's most successful steel exporters, mainly to the United States and Europe, and in 1980 for the second year in succession Brazil's exports of steel were greater in value than its imports.

Although Brazil's steel output is now the eighth largest in the world, it still has to import some special steels, although such specialized steels are made in Sao Paulo. It is also increasingly the state where the major concentration of non-ferrous processing, apart from aluminium smelting, is carried on.

Despite its predominant position, Sao Paulo is mainly a processing and finishing state, rather than one where raw materials are mined or initially processed. Although the state has an important petrochemical industry, little new investment in the first stages of chemical refining is being made there, but in Bahia and Rio Grande do Sul instead. Sao Paulo is where finishing processes are carried on.

Aluminium smelting will increasingly be concentrated in the Amazon regions where enormous reserves are found, and where energy is abundant. New steel making investment is being concentrated in Minas Gerais, in Espirito Santo and, at a later stage, will be increasingly in the north.

Sao Paulo is predominant in heavy industry and consumer goods, spearheaded by the important motor industry, 30 per cent of which is concentrated in Sao Paulo state and which is now the world's eighth largest. For the past three years, just over a million vehicles have been made each year, about 600,000 of them passenger cars.

Volkswagen, General Motors, Ford and Scania plants are not in Sao Paulo. The home market has been the major attraction for the industry for the past decade and, apart from VW, which has exported some 15 to 17 per cent of its output, the rest have exported only a small proportion of their output.

However, it looks as if Brazil's motor industry is at long last facing a significant fall. The high cost of fuel, and a credit squeeze increasing in intensity, has ended the boom and VW, seeing its market share shrinking, laid off 3,000 workers last month. The most pessimistic forecasts are that output will be down by more than 10 per cent this year. And all the motor companies are planning to step up their exports over the next few years, in the wake of major investments. The industry is already Brazil's major industrial exporter, and vehicles and parts worth more than \$1,500m have been sold abroad in each of the past few years.

An increasing trend will be the export of engines and components in greater numbers. Ford, VW and Fiat already export hundreds of thousands of engines to other plants around the world. General Motors will soon be adding 250,000 engines for its "world car" to this number, starting this year. For their weight, engines are very valuable, as price advantages in several export trades are offset by high freight charges.

With labour costs a fifth or sixth of those in Western Europe, and most raw materials far cheaper, cars made in Sao Paulo can be sold for half the price of similar vehicles in Europe or the United States—or for even less. But high freight charges and infrequent sailings mean that they are often not competitive except on the Latin American continent.

Brazil imports little other than oil, wheat from Argentina and Canada, some coal and non-ferrous minerals, and advanced factory components. But unlike Japan, which can invariably find some important commodity it lacks to carry as a return load, ships leaving Brazil are often forced to make the return journey empty. This

makes manufacturers uncompetitive in many markets.

High unit value goods such as engines, and some other sub-assemblies and components do not suffer to the same extent. In any case, they are mainly sold to Europe and the United States, from where there are return cargoes, whereas the tough Brazilian-made cars are best suited to African, or other Third World conditions, where Japanese penetration is increasing.

The Embraer 18-20 seater Bandeirante aircraft, made near Sao Paulo, familiar to British and other European countries as well as the United States, has proved to be one of the world's most successful feeder aircraft. It is economical when fuel prices were rising rapidly and small jets were pricing themselves out of the market.

Brazil has sold well over 100 of these aircraft abroad, as well as many more to her own feeder lines. It is hoping to follow this success with a 30-seater Brasília model, due to fly next year, although competition will be far greater than it was for the smaller aircraft.

Another industry almost totally dominated by Sao Paulo is railway rolling stock. Although Brazil's railway building programme has been rather stop-go in recent years, with the pressing need for fuel-efficient railway lines coming into conflict with the need for savings in government investment, three major lines are being built. Although none is in Sao Paulo state, large orders for locomotives and rolling stock have been placed, while suburban railway systems are also being extended and modernized.

The energy investment plan will not be curtailed and with demand for electricity growing by 12 per cent a year, more capacity is being installed than is ready to exist in all Brazil. The need for turbines, transmission and transformation equipment is keeping much of Brazil's heavy industry almost fully occupied.

The arms industry is also concentrated in Sao Paulo. Several hundreds of the fast armoured cars sold to Iraq are playing a role in the current hostilities. Brazil has also specialized in refurbishing older Second World War tanks and large orders from China and Egypt are reported to be in the pipeline. Brazil's main markets for arms are in the Third World and in 1980 some 80 per cent of exports went to less developed countries.

With output of staples such as soya, coffee, cocoa and rice continuing to increase, industries making machinery for processing farm commodities are flourishing, as is the tractor and farm machinery industry which is largely concentrated in Sao Paulo. Also flourishing are firms playing a part in the alcohol programme. Several hundred, often large, distilleries, attached to sugar mills, will have been built by 1985.

Patrick Knight

## Sugar to make alcohol for energy

Within a few years the state of Sao Paulo will be just one enormous sugar-cane plantation, straddled by flyovers, a former Brazilian minister said recently. The sugar will not be spooned into the coffee of sweet-toothed Brazilians; neither will it be used to produce ever-larger quantities of cachaca, the popular local white rum; nor will it be exported.

Instead, it will be converted into alcohol and pumped into the engines of the rapidly increasing number of alcohol-fuelled vehicles. By 1985, Brazil should be producing 10,700 million litres of alcohol, which should be enough to account for 40 per cent of fuel consumption by vehicles.

No less than 65 per cent of the sugar-cane is to be cultivated in the state of Sao Paulo, although this state now covers 3 per cent of the country's total territory. From one point of view, this is only fair, as Sao Paulo, the industrial centre of the country, accounts for an overwhelmingly large share of the country's energy consumption. But many Brazilians regret this decision for they see the alcohol programme as a failed opportunity to carry out a major social programme that could have led to a significant redistribution of wealth in Brazil.

For the Government could have opted for large-scale production of alcohol from cassava, a crop that can be readily cultivated by peasant farmers.

None the less, the alcohol programme is undoubtedly a daring and imaginative response to the heavy constraint imposed on the country's development by

its escalating oil bill. For, despite its size, Brazil is short of known hydrocarbon reserves. Through considerable effort, Petrobras, the state oil company, has been able to increase domestic oil production up to about 200,000 barrels a day, which is still only a fifth of consumption. By 1985 the Government hopes that the share of imported oil in total consumption will have dropped to 30 per cent; by then domestic oil should account for 20 per cent and the remaining 50 per cent should come from renewable resources, mainly sugar-cane alcohol.

However, sugar-cane alcohol can provide only part of the answer to Brazil's long-term energy problem. An important constraint is, paradoxically, shortage of land. It is estimated that about three million hectares—that is, an area of land as large as Holland—is required to meet the 1985 alcohol target. It is questionable whether all this land should be used to produce fuel for cars.

Nor is it feasible for sugar-cane alcohol to substitute any other fuel except petrol, which accounts for 42 per cent of Brazil's energy needs. Because of its industrial power, Sao Paulo consumes far more electricity than any other state. The South-east region, made up of the states of Sao Paulo, Rio de Janeiro, Espirito Santo and Minas Gerais, accounts for 74 per cent of the country's electricity consumption.

CESP—Companhia Energetica de Sao Paulo, the state government's electricity company, has been trying to satisfy this voracious appetite. Over the past 15 years, CESP has built 16 hydro-

electric power stations, which have a combined installed capacity of 8,300,000 kW. None the less, this considerable effort has bought no more than temporary relief to the state's energy shortage.

It has been calculated that all the major water resources in the South-east region will be exhausted by 1985.

In view of the Government's deflationary policies, these predictions of shortages may prove alarmist. It is none the less clear that by the end of this decade at the latest, Sao Paulo will be importing energy. Where will it come from?

One plan is to bring down energy from the Amazon region, which has the capacity to generate at least 60 million kW. One of the problems so far has been technical: how to transmit the energy over such a long distance—about 2,500 km—without substantial energy loss. However, almost half the power generated by Itaipu will be converted to direct current and brought by cable to Sao Paulo. This experience will prove invaluable for later transmissions from the Amazon.

Another project, which is under negotiation, is the construction of a pipeline from Santa Cruz de la Sierra in Bolivia, where large reserves of natural gas have been discovered, to Curitiba and on to Sao Paulo. This scheme, which has been mooted for several years, was brought much closer to reality with the announcement last month that a letter of intention had been signed by the Bolivian and Brazilian governments.

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Industrial  
on

## Flood of migrants has abated

Brazil is a country of migrants. The census taken last year is expected to show that 60 per cent of the country's 120 million people had moved from one municipality to another during the previous decade. Forty per cent of the population made such a move in the 1960s, and Brazil is increasingly becoming a country where most people live in towns or cities. More than 60 per cent now do, and 70 per cent will by the end of the century. No state in Brazil has proved more attractive to migrants than Sao Paulo, and even now almost half of the state's 24 million people were born outside it.

However, patterns have changed enormously in recent years and the flood of immigrants who were attracted to the state from the 1940s to the end of the 1960s has slowed to a trickle. Migrants on the move within Sao Paulo state, and coming into the city itself, are far more likely to have come from somewhere else in the region than from the north-east, as was the case for so long.

Although the great flood of immigration into Sao Paulo closely followed the rapid period of industrialization, and reached its peak in the late 1950s and early 1960s, when 250,000 people a year were moving into the state from the north-east, immigration started far earlier, although on a far smaller scale. Already the country's industrial state, although their virtually confined to textiles and food processing, Sao Paulo was the great attraction to tens of thousands of Italians and Spaniards, men who gave such a flavour to the early life of the city, then only a few hundred thousand in size.

Important contingents came from the Middle East as well, and Sao Paulo's Lebanese and Jewish communities are important. Large contingents of Japanese, often sponsored by their government, came in the 1930s, and this community has been particularly important in ensuring that Paulistas eat better and have more variety of foods than any other state of Brazil. For the Japanese are Brazil's market gardeners, and they still ensure that the city is provided with fruit and vegetables of a quality which can hardly be equalled anywhere.

Interestingly, and in contrast to what has been the pattern in North American cities, the Japanese are really the only ethnic group to have maintained their own quarter of town. Liberdade, where along with the smaller Chinese community they have an enclave conveniently near the centre of the city for gourmets. The parts of town occupied at the beginning of the century by the Italians and Spaniards are now commercial districts, overwhelmed by the rapid growth of the city, and this fast growth has served to

make the city of Sao Paulo one of the most effective melting pots in the world.

The mass immigration into Sao Paulo during the industrial boom which began in the 1940s, and has still not entirely spent itself, was one of the biggest mass movements of population in history. In its peak year, 1952, 250,000 new arrivals were recorded in the city. As recently as 1940 greater Sao Paulo had been a collection of towns which could boast a population of 1,500,000, but even then almost 70 per cent were immigrants. At that time, the city concentrated only a fifth of the population of the state. By 1950, the population had almost doubled to 2,500,000, and by 1960 it had doubled again, to five million, half of them immigrants.

Growth slowed marginally in the 1960s, and by the 1970s the city had 8,100,000 people living in it, but the proportion of immigrants had by then dropped to 32 per cent. Now the population of greater Sao Paulo is about 12 million, the city accounts for about 45 per cent of the population of the state, but the proportion of them who are recent immigrants has dropped to 16 per cent.

In the past few years, immigrants reporting to government checkpoints each year have shrunk to a mere 20,000, 10 per cent of the numbers coming into the city in the great boom. More about 30,000 are coming into the city from other parts of the state than from outside it, and the city's growth is now far greater than both.

Sao Paulo is recognized by all concerned to be saturated, and people and industries are turning to a new pattern of migration, moving to half a dozen other important cities in the state, most of them less than 200km from Sao Paulo itself, and along the important roads. Many of them are growing just as fast as the capital did 20 years ago.

The reasons for migration have changed fundamentally as well. Demographers refer to two basic types, "pull" migration, where potential travellers are attracted to another place by the real opportunities of a better life, and "push" migration, where people are just forced to leave, without anywhere obvious to go. In the 1950s and 1960s, Sao Paulo provided the pull and whole families of north-easterners made the trek, most of them catching the famed "train" from the north which left the city of Salvador, in Bahia, and four days later ended its slow trek at the Roosevelt station in Sao Paulo, bringing 5,000 people at a time.

Now the train from the north no longer runs, and it is not even possible to travel by train from Salvador to Sao Paulo, as the line is for freight only along some of its length. Those who come take the bus. But

there are few families among them, and most are young men who plan to stay in the big city for a few years, then return to their families with a bit of capital. A recent survey of migrants showed that half of them were travelling to take advantage of the better health facilities that rich Sao Paulo has available, and did not plan to stay long.

Most of today's migrants are being pushed rather than pulled as there are few job opportunities to attract them to Sao Paulo. There are no large-scale civil construction works going on, the first foothold on the ladder for most migrants, who now have to travel deep into the interior to work on dams or in mines to get a start. Most of the migrants are being pushed off the land, and this explains the greater move from the interior of the state, and from the rest of the south-east, now ironically generating more immigrants than the backward north-east, as modern methods and machines push labour off the land. Now only 9 per cent of Sao Paulo's population works on the land, but other states are following its lead.

The change in status of the immigrants has also led to a new phenomenon in Sao Paulo, favelas or slums. When those hordes came in from the north-east in the 1950s and 1960s, they may have lived badly at the beginning, but they did not end up in the sort of favela shacks associated with the Rio de Janeiro hillside, or the Recife and Salvador swamps. Now they often do, and a million or more are now living in favelas in Sao Paulo, a good reason why the city no longer attracts the huge numbers it once did.

Perhaps because the country is on the move so much (although the proportion of immigrants in the United States is apparently even greater), the country has managed to preserve a great deal of racial and ethnic harmony. A large proportion of those who have moved into Sao Paulo in recent decades have black or dark skins. It would be Utopian to state that there is no colour prejudice in Brazil or in Sao Paulo. But there is certainly little within the thoroughly mixed-race working class in the factories of Sao Paulo, where every shade from black to the white of Scandinavian stock can be seen working the same machines.

Such has been the pace of change, and the numbers involved, that society has not had time to solidify into any kind of mould. The only possible exceptions are those proud Japanese who take four times the University places in Sao Paulo that their numbers would justify. But even they are gradually succumbing, and beginning to intermarry in increasing numbers.

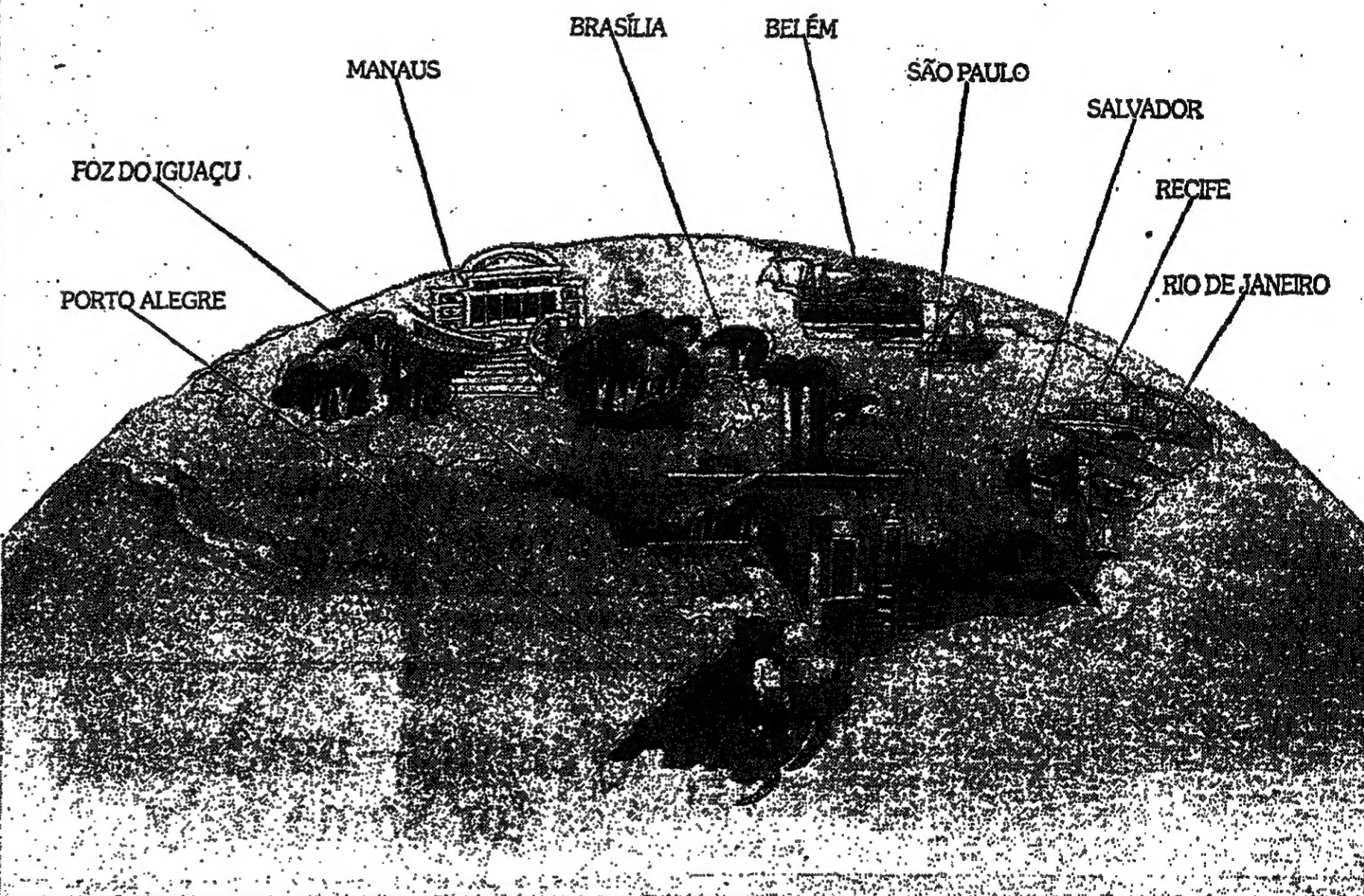
Patrick Knight



Migrants from all over Brazil go to Sao Paulo taking with them their customs in food and drink.



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# Shanty squatters to get real homes

Visitors who fly to Sao Paulo are always amazed by their first glimpse of the city: the massed ranks of skyscrapers, the broad avenues lined by towering glass-fronted office blocks, the spaghetti junctions packed with shiny, colourful Volkswagens, Fiats and Fords. Around the city huge car factories, thousands of smoking chimneys and highways full of heavy lorries contribute to the impression of an immensely wealthy city, vibrating with progress.

It is easy to see why it has been called the "locomotive of Brazil", and easy to believe that Sao Paulo state produces nearly half of Brazil's wealth. What is more difficult to believe is the poverty of the great majority of the people who live in Sao Paulo.

This is the other Sao Paulo—the Sao Paulo of the periphery, of the millions who live in slums, precarious self-built shanty-towns or one-room houses in sprawling developments that stretch up and down the hills round the city. Most of these developments, called *loteamentos*, are illegal (after paying for their plots of land and people find they cannot get the title because the developer does not own the land) and therefore officially they do not exist.

This means they cannot be provided with public services such as water, drains, lighting or rubbish collection. They do not appear on the maps. There are 4,000 *loteamentos* in Sao Paulo suffering in this way. According to official statistics, only a third of the city's dwellings have main drainage, while half are still without water (this should drop to a tenth within five years). Half the streets are unpaved, and half unlit. Electricity, however, reaches 95 per cent of homes.

High above the city in his twenty-second-floor office, the city's chief planner dreams of the day when Sao Paulo will be finished, when all the population will be served by public services. Senhor Candido Malta—an architect, aged 44, who has headed COGEP, the municipal planning department, for the past five years—looks more like a professor in his baggy suit, rimless spectacles and beard, as he strides between the maps and piles of books that crowd his spacious office.

"Sao Paulo began without planning", Senhor Malta admits. Between the end of the First World War and 1930, the coffee capital of the world grew and industrialized rapidly. When the first road plan was drawn up in 1930, the city already had a million inhabitants. The plan lasted until 1965 by when there were five million.

But the municipal authorities closed their eyes to the city's rapid growth, afraid to face the reality of a swelling population and their needs. It was only when Senhor Faria Lima, took office as mayor in 1965 that the city's huge dimensions began to be taken into account. A new plan, called the basic urban plan, was drawn up. It included an 840km network of expressways to be built in greater Sao Paulo and 600km of mass rail transport, including improved

suburban trains as well as a new underground system. Building of the expressways began, but the mass transport plans were postponed. In 1972 the population had reached nearly seven million, and the first zoning law was introduced.

In 1973 came the world energy crisis. "It's my belief that the oil crisis saved the city", Senhor Malta says. "By 1973 Sao Paulo, still using a road system planned for a city of one million, was on the edge of total traffic breakdown." The transport systems gave priority to the private car at the expense of collective transport.

Brazil's political situation, under an authoritarian military regime favouring intense income concentration as a means to rapid economic development, had boosted the car industry installed in the 1950s. Car ownership was encouraged for the minority who could afford it while the majority were silenced by political repression. With the oil crisis, Brazil, heavily dependent on imported oil, had to rethink its transport policy, and in Sao Paulo this meant the shelving of many of the proposed expressways and a new emphasis on bus, trolleybus and rail systems.

Then came a slow liberalization of the political system, allowing more space to popular pressure. The growing activity of community movements and residents' groups, inspired by the Roman Catholic Church's active presence in the periphery, slowly led to a change in government priorities, even though public figures are still reluctant to admit they act under pressure.

Senhor Reynaldo de Barros, mayor of Sao Paulo, for example, said in a recent newspaper interview that the city periphery was now his priority because "I have a good heart". Sao Paulo city's priority is now people not cars, but lack of government funding threatens the plans. According to Senhor Malta, the accumulated deficit in public services has reached \$42,000m.

But the real problem, according to Sao Paulo's planner, is not the lack of money, but the priorities of the central government. Out of every 1,000 cruzeiros paid in municipal, state and federal taxes by a Sao Paulo inhabitant, only 200 are applied in the city. The rest goes to the central Government treasury to be swallowed up in big development projects, begun in the early 1970s to turn Brazil into an industrialized nation.

At the same time, this industrialization has helped to cause the flood of people coming to the city, swelling the population and the demand for more public services. "The price of the difference between the demand and supply is paid by the poorest social classes", Senhor Malta explains.

In housing, the huge difference between the rich and the poor is most clearly seen. In Sao Paulo city, out of a total population of more than eight million nearly four million live in substandard housing. Some 650,000 live in slums, 870,000 in the *favelas* (shanty towns) or *favela-like* housing developments, without public services. The city authorities

are now cracking down on these *loteamentos* making the developers pay for the provision of public services. The result is a growth in the *favela* population. Some 730,000 *favelas* are officially recognized, while new ones spring up overnight.

In the *favela*, land is free, because it is usually an unused piece of private or public land that has been "invaded". A typical inhabitant, Senhora Eva Lellis, a 40-year-old mother of six who supplements her labourer husband's wages with cleaning work, paid £200 for a three-room home in a *favela* near the airport. She gets water from a well. The Sao Paulo city authorities, aware that 85 per cent of Brazil's wealthiest city dwellers earn less than £40 a week, is legalizing the illicit housing developments and supplying facilities until the occupants can be moved to very low-cost houses known as "embryos".

These "embryos" consist of one room measuring 4.86 metres by 3.86 metres, with an outside lavatory, and are set in a 75 sq metre plot of land. The residents are expected to build on most rooms. Even these mini-houses have to be bought, rather than rented, provision being made for 25-year mortgages. Government housing policy is based firmly on the owner-occupier philosophy.

Apart from low incomes the main obstacle to cheap houses is the high price of land. In Sao Paulo land is seen as a profitable form of investment in a highly inflationary economy. As a result, 49 per cent of the plots of land in the city, occupying an area of 240 million sq metres, are empty—the owners waiting for prices to increase.

This chaotic state of affairs means that the poor have to build or buy their houses farther and farther out of the city, thus multiplying the cost of public services, and the time spent travelling to work.

Those who have money however—and in Sao Paulo there is a sizable moneyed class—live very well. The newspapers carry regular advertisements for luxury flats which have such refinements as fitted glass thick carpets, marble-floored bathrooms, maid's quarters, and terraces with panoramic views, swimming pools, tennis courts, private garage space, gardens, and closed circuit television to ensure that undesirable do not enter. Such apartments fetch up to \$200,000.

Senhor Malta is an optimist. He believes that the timid state policy for public services will be maintained, and that Brazil's political liberalization must mean the allocation of more money to social projects.

He also has a trump card up his sleeve. The 1980 census showed that population growth has slowed. In Sao Paulo it is down from the estimated 4 per cent a year to 3.6 per cent. This means that COGEP's forecast of a 22 million population by the year 2000 is an overestimate. The smaller growth rate, together with the hope of more money, feed Senhor Malta's optimism.

Jan Rocha



Sao Paulo state produces half of Brazil's wealth, and the city presents a bustling scene that conceals the poverty of the peripheral slums.

## Wealthy—but healthy for some only

To visiting foreign businessmen, Sao Paulo is a bustling, dynamic city. The skyscrapers, the flyovers, the smart shopping areas and the large banking centre all seem part of the wealthy, industrialized, modern world. It is easy for visitors to overlook the other Sao Paulo—the miles and miles of roughly-constructed shacks, without running water or drainage, that huddle together in the east of the city.

Disease can spread like wildfire in these unhygienic conditions, where sewage from one cesspool feeds into the well-water of the neighbouring plot. Local families use this polluted water for drinking and washing and, worst of all, for mixing with powdered milk for babies' bottles.

It is not altogether surprising that Sao Paulo had one of the world's highest infant mortality rates as recently as 1973, when 87 out of every 1,000 babies born in the greater urban area died during their first year. As this statistic includes the large upper middle-class suburbs, where living standards and medical services are excellent, the infant mortality rates among the poorer sectors of the population must have been horrifically high.

However, conditions are gradually improving. As the result of heavy investment by the state Government, water and sanitation are being brought to the poor on the outskirts of the city, although the Government estimates that the needs of the city's population as a whole will not be met until the year 2000.

It is calculated that about half of the houses in the poorer areas now have running water, compared with about a third five years ago, and that about a third are connected to the central sewerage system, a rise from a quarter in 1976. As a result of these improvements, the infant mortality rate has recently dropped to 63 per 1,000 live births.

The problem of pollution,

too, is gradually being tackled, though foreign visitors look askance when told that the situation was actually worse a few years ago. Sema (Secretaria Especial do Meio Ambiente), Brazil's environmental watchdog, has taken a gradualist approach, aimed at winning the collaboration of the factory owners. It establishes the average level of pollution in an area and then demands that all factories keep within that level. This policy is achieving results.

However, despite these recent achievements, there is still concern about the health of the population. Many scientists believe that the rate of improvement will fall off sharply over the next few years. They argue that while the provision of such basic services as running water and sanitation can improve health standards in the short term, a prolonged improvement will take place only if the general living standards get better. This has been occurring only at a very slow rate, if at all.

The latest statistics show that the share of national income going to the poorest 50 per cent of the population fell from 17.4 per cent in 1960 to 14.5 per cent in 1978. At the same time, the proportion going to the richest 10 per cent rose from 36.6 per cent to 50.5 per cent. The growth in gdp during the period ensured a real improvement in living standards for all the population, but the rise was clearly smaller for the poorer sectors.

The outlook for the poor is bleak. The Government is engaged in an out-and-out battle to cool down the economy, and to force down the growth rate, which reached 8.5 per cent in 1980. Unless special measures are taken to alleviate the social repercussions of the recent measures, living standards of the poor will fall with a harsh impact on their health. The improvement—or even the maintenance—of social services during the approaching recession does not

seem an important government priority. The Health Ministry, which has long been politically weak, has suffered some of the most violent reductions in the recent rounds of public spending cuts. In 1981, the federal Ministries of Health and Social Welfare will receive minimal increases in their annual budgets of 86 per cent and 61 per cent respectively, which is well below the expected rate of inflation of about 120 per cent.

The Sao Paulo state Government's health department has received even larger cuts in its budget over the past few years. When questioned by journalists recently about the cut in social welfare programmes, President Joao Baptista Figueiredo replied curtly: "The money I have is only enough to pay for Itaipu, Tucuruí (the main hydroelectric projects) and the Steel Railway (to carry steel from the big new project in Minas Gerais). And, make no mistake, if I had more, I would invest it in Carajás (a multi-million dollar mineral project)."

As a result of the cuts, even existing health services have been curtailed. Some of the health posts on the outskirts of Sao Paulo have been closed or put on a skeleton staff. The Hospital das Clinicas, which is one of the largest in Latin America, has a chronic staff shortage, uses obsolete equipment and even runs out of essential drugs.

The poor, encountering increasing difficulties in obtaining medical equipment, are turning increasingly to pharmacists, who readily sell antibiotics and other drugs over the counter without medical supervision, although this is technically illegal. It is very common to find people from the poorer sectors of the population taking strong drugs that are entirely inappropriate for their illness. Brazil has already one of the highest net capita drug consumption rates among developing nations.

Sue Branford

## Schools also serve as soup kitchens

In Sao Paulo state, four million children attend more than 16,000 schools where they are taught by 170,000 teachers. Senhor Luis Ferreira Martins, the Director of Education, runs this empire from a spacious air-conditioned, carpeted office in the elegantly refurbished surroundings of a former college in the city centre.

The director, a dynamic man who did not stop signing documents all the time we talked, told me that in 1981 education will get the biggest slice of the state's budget: \$65,000m, almost 20 per cent of Sao Paulo's total spending for the year, a big improvement on 1980's 13 per cent.

Much of the extra money, however, will go towards trying to improve what Senhor Martins rather euphemistically describes as "low educational productivity due to social factors". In other words, poverty impairs the children's learning capacity, and leads to high drop-out and repetition rates. Out of every 100 children who enter school, only 40 struggle through the entire eight years of the first grade.

In addition many children start school late because their parents cannot afford the books and uniforms they need, or leave after only a year or two because even their meagre earnings as errand or shoe-shine boys are needed. The girls often have to stay at home and look after the younger children while their parents go out to work. As a result 17.7 per cent of seven to 14-year-olds are not receiving schooling.

Most of those who do go to school arrive hungry. Much of the school planners' time is devoted to finding ways to compensate these children for the appalling, home circumstances that handicap them in learning. The first solution is to feed them. For some it is the only meal they get, whether it is a full meal, a bowl of soup or just a nutritious snack.

As a result, 1981's official

school expenditure includes items such as 1,500 stoves and 5,000 spoons. For the first time many schools stayed open during the recess and end-of-the-year holidays to allow the children to get their daily meal. Last year the feeding programme was extended to night schools where it was not uncommon for students to faint from hunger after coming straight from a long day's work.

Sao Paulo's night schools are ordinary first and grade schools where pupils who have to work, or have reached a certain age, can complete their basic schooling. In many peripheral areas in the capital, pressure on school places is so great that up to four sets of children have to use the same school building every day. In a few schools some recesses as little as two hours' schooling a day, though the average school day is three to four hours.

An ambitious school building programme is being carried out, with new schools opened every week, but Sao Paulo's population increase of 5 per cent a year means there is a permanent deficit. Once children are in school and are being fed, the next problem is to reduce the big gap between their mental and chronological ages, caused by physical and cultural poverty.

Senhor Martins told me about a new programme he has introduced to try to alleviate this problem. Called "compensatory schooling" the idea is to bring children in the poorest areas into school at six instead of seven years old, and allow them two years to complete the first-year curriculum. The aim is to reduce the numbers of children who never get beyond the first year, because they cannot reach the marks needed to move up to the second year.

These problems mean that in the same class the children's ages can range from seven to 14 or more. Compared with some of the teachers in the poorer Brazilian states, Sao Paulo's teachers are well paid. Yet

it is a profession that has consistently lost prestige as wages lagged behind the cost of living. More than 90 per cent of the teachers are women, and most have to give classes in more than one school to make ends meet. The better qualified are creamed off by the private schools that provide 10 per cent of the education for Sao Paulo children.

Ironically, it is the academically better qualified children from the private schools who then go on to win almost all the places at Sao Paulo's three free state universities. If a state school child finally struggles through to university he will have to pay for his higher education by getting a job and going to a private evening or weekend college course.

A university diploma still means a status, although it might no longer mean a job. Every year Sao Paulo's universities turn out thousands of would-be lawyers, engineers, journalists, psychologists who end up as office workers because the economy cannot absorb them. But every year thousands of new students take their places.

There are 506 institutes of higher education in the state of Sao Paulo, 143 of them in the capital alone. They extend from the University of Sao Paulo, with a worldwide reputation and 40,000 students, to weekend or night diploma "factories" which have found higher education a profitable enterprise.

A student at one of these private universities said she had to pay more than \$3,000 registration fee to continue her second year of studies, as well as a monthly fee of \$130. For this she received three hours and 20 minutes of lectures five nights a week, in classes of 150 students. In 1979, out of almost 400,000 students enrolled in colleges, only a fifth were at the state free universities located in the capital and at scattered faculties in the interior.

J.R.

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## Church is one of main forces for reform

In recent years the Roman Catholic Church has become one of the main forces for reform in Brazilian life, criticizing the Government for the direction of its economic policies and calling for greater social concern. One of the places where it has been most active has been Sao Paulo.

This is partly because of the position of Sao Paulo in Brazilian life, as the place where most of the money is made and where ideas are generated; partly because of its vast city, growing all the time, encompassing so many of the problems of poverty, lack of housing, malnutrition and sheer misery that afflict Brazil as a whole.

Partly, too, it is a matter of the personality of Cardinal Paulo Evaristo Arns, the Archbishop of Sao Paulo. Cardinal Arns believes strongly that the type of capitalism practised in Brazil leads to injustices for workers and the poor, and he has been prepared to throw the weight of the church behind them in conflicts with the Government.

Last year, for instance, the church backed a strike by metalworkers in the Sao Paulo area that the Government eventually succeeded in breaking, and there is unofficial church support for the newly-formed Workers' Party, which has much of its strength in the same area.

The Brazilian church has long been one of the leaders in the move, which began in the 1960s, towards greater involvement in social questions on the part of the church in Latin America. In Brazil this social concern was spurred by the military coup d'état of 1964, which led to repression and to continuing hardship for the poor, in spite of the economic miracle.

For Latin America as a whole, it culminated in the meeting of bishops in Medellin, in Colombia, in 1968 when the church publicly declared itself on the side of human rights and social justice. This policy contrasted with the long-standing tendency of church leaders in Latin America to side with the forces of conservatism, as a pillar of the established order. It meant that in Brazil and elsewhere, the church was to find itself increasingly in opposition to military governments.

There have been two main areas on which the Brazilian church has focused: human rights violations such as arbitrary arrest and torture, and the needs of the poor and underprivileged. In recent years human rights have improved a great deal in Brazil, and so more attention is being paid to purely social questions.

But human rights continue to be a concern of the Sao Paulo archdiocese. There is a committee for the defence of human rights in the countries of the Southern cone — Argentina, Chile, Uruguay and Paraguay — and it publishes a magazine, called *Clamour*, in which it gives information on developments in the various countries and campaigns for improvements.

One of the main innovations of the Brazilian church has been the establishment of the "base communities" or *comunidades de base*, designed to help ordinary people to improve their lot. The movement began in Sao Paulo and there are now estimated to be more than 500 in the city alone, with others in the surrounding districts.

The fundamental idea of a base community is that it is a small group of lay people — anything from 10 to 100 — who get together as a pressure group. They are encouraged by the church, but the intention is that they should meet on their own in the evenings after work, or at weekends, and set about resolving the problems of their particular area.

There is plenty to occupy them in Sao Paulo. It is a large, sprawling city, and public facilities have not kept up with the constant growth of population. Many of the outlying districts are little more than wastelands, far from the white skyscrapers of the city centre. Typical complaints of the people, who live in these areas, which the base communities try to do something about are that there are no paved streets, no streetlights, no running water, or no drains; or that there are not enough buses into the centre, no health facilities, and no possibility of moving out of a shack in a shanty town to a proper house.

Sometimes the base communities organize demonstrations in dramatic ways, sometimes they make up a delegation to go and lobby some official. When there is a big issue to be tackled they try to pool their resources and coordinate the activities of several groups.

The origin of the base communities is Christian. Their activities include discussions of biblical themes, and how to relate biblical teaching to the problems of daily life. But as they have become more active, they have inevitably become political to a certain extent, and there are objections to them for that reason, not just from the Government but from more conservative-minded churchmen as well.

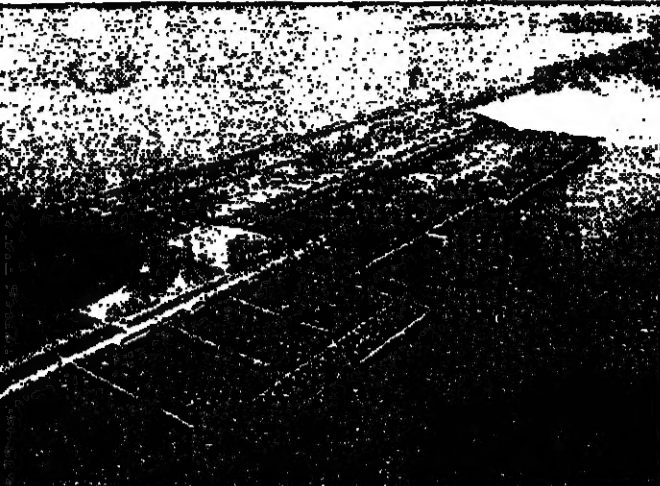
When the Pope visited Brazil last year there was some hope in these areas that he would rebuke the church activists on the ground that they were becoming too much involved in politics. But in the event he was clearly struck by what he saw of the poverty of much of Brazil, and fully endorsed the activist approach.

Peter Strafford



Woman in a Sao Paulo shanty town. Above: children play happily in spite of their surroundings. Top: the Pope and Cardinal Arns with security men in the city last year.

# CESP Companhia Energética de São Paulo



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Item	South America	Brazil	State of Esp. Paulo	Participation in South America	Participation in Brazil
Area (km <sup>2</sup> )	17,546,059	8,511,955	247,693	45.5	2.9
Population (1970) (mill.)	234,925	119,656	23,700	59.9	19.5
GDP (US\$ millions)	318,286.3	156,729.2	55,611.0	49.5	37.4
Industrial Production (US\$ millions)	58,668.0	27,465.0	46.6	46.6	46.6
Electric power production (GWh)	195,852	106,534	33,585	54.4	33.7
Power consumption (kWh/capita year)	873	828	1,809	—	—
PIB/capita (US\$)	1,346.3	1,808.8	2,516.6	—	—

SOURCES: Social-Economic Progress in Latin America 1980—Report 1979

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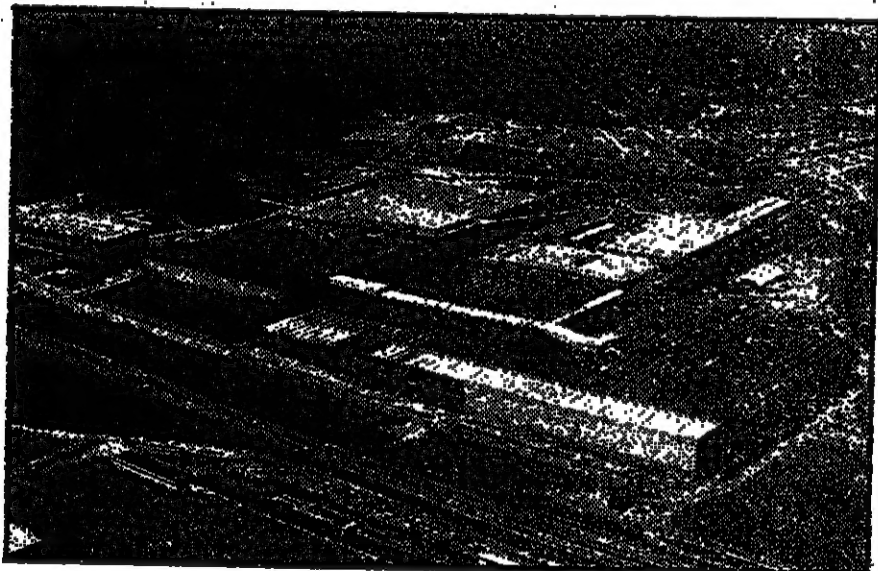
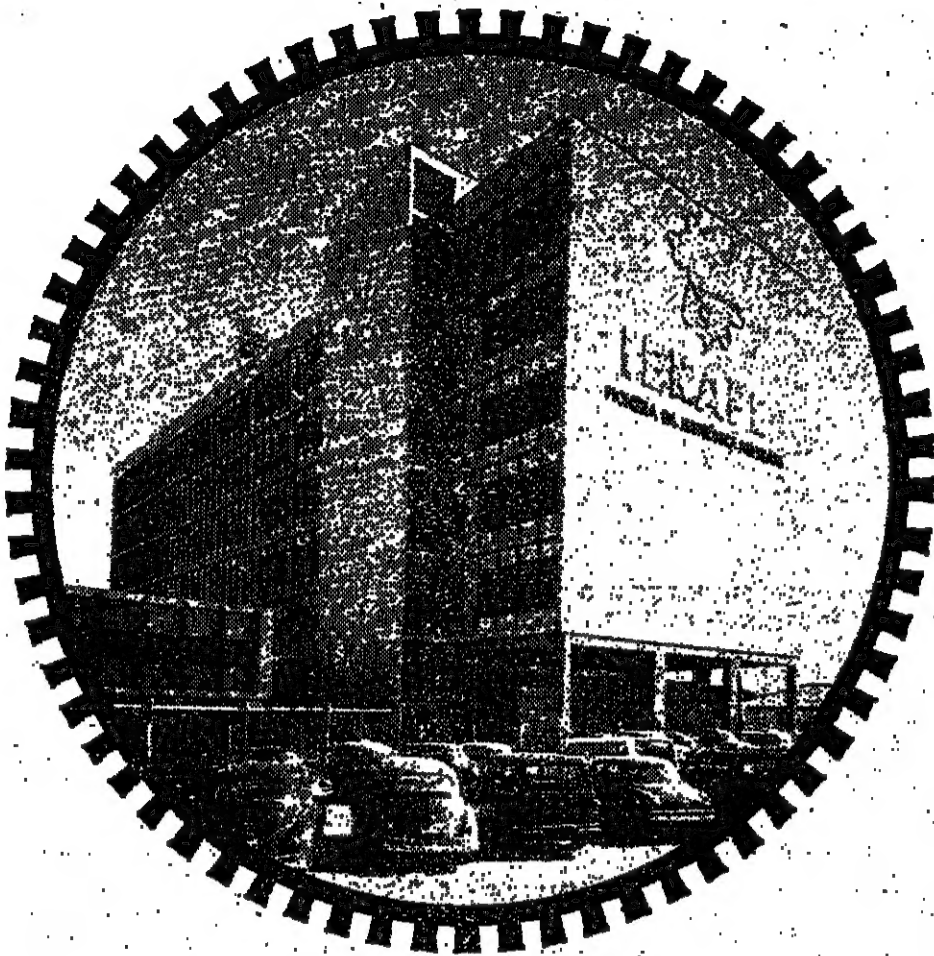
# The state of São Paulo

## Look at some of the facts....



São Paulo

**MANUFACTURING:** Manufacturing industry continues to show rapid growth—8.1% in 1978. Manufactured goods, including developed technologies, now represent 40% of Brazil's total exports and exceed those of primary products.

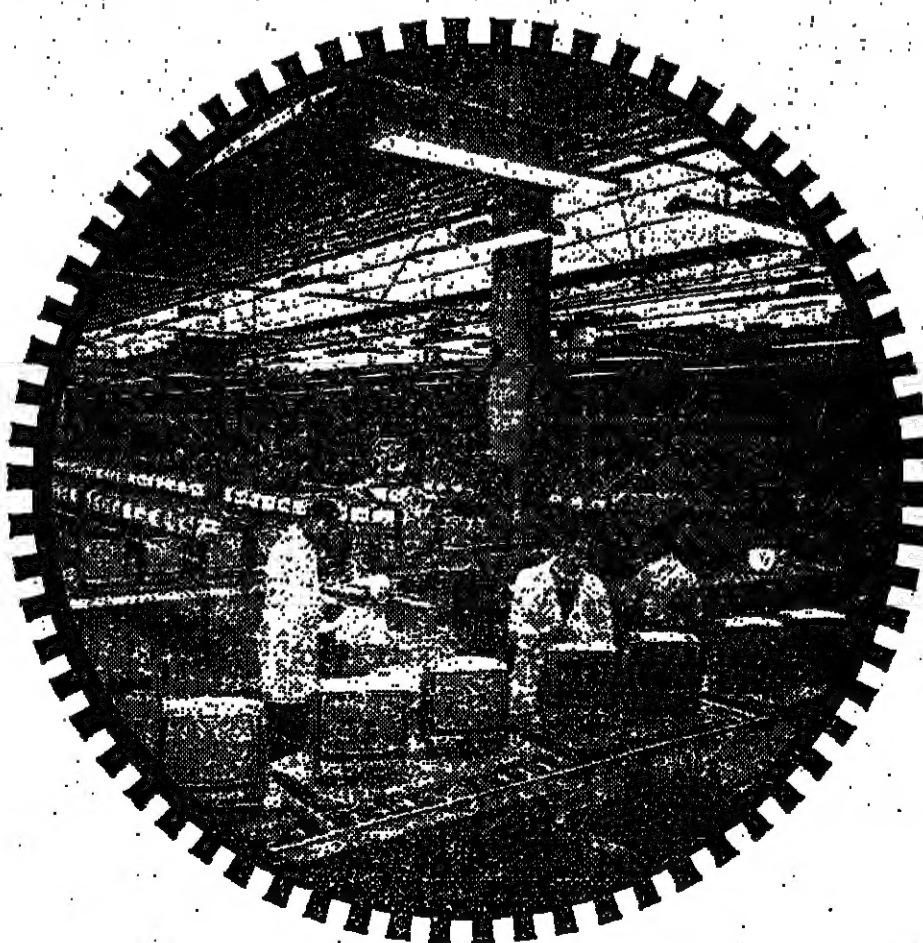


**INDUSTRY:** The State of São Paulo is the leading industrial zone in Latin America. Sectors of the economy currently receiving priority include petrochemicals, electronics, capital goods, fertilizers and paper manufacture. Steel production now puts Brazil 10th in the world, showing a 10% growth in 1979.



**AGRICULTURE AND FOOD PRODUCTION:** Processed food exports totalled US\$ 1,475 million in 1978. Brazil is 95% self-sufficient in food (except wheat 46.6%). São Paulo plays a major role in its production where exports include cotton, cocoa, coffee, maize, citrus fruits and juices, soya beans, sugar and tobacco. São Paulo is one of the world's largest exporters of frozen citrus juices and a major food processor.

**TRADE:** The wide range of manufacturing and industrial capacity in the State of São Paulo has been a major contribution in the success of exports. The E.C.C. has now become Brazil's leading trade partner, both in exports and imports.



**SÃO PAULO CITY**—an historic city with dramatic growth. The State capital has a population of 8.584 million (Population of Brazil is 119 million—1980 Census). By the year 2000 São Paulo could be the world's largest city.



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